AMATHOLE
DISTRICT MUNICIPALITY

Consolidated Annual Financial Statements
for the year ended 30 June 2016

Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

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The reports and statements set out below comprise the consolidated annual financial statements presented to the council.

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Abbreviation

GRAP	Generally Recognised Accounting Practice
ADM	Amathole District Municipality
DBSA	Development Bank of South Africa
NT	National Treasury
PT	Easter Cape Provincial Treasury
DWAS	Department of Water and Sanitation
AEDA	Amathole Economic Development Agency (Proprietary)
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
EPWP	Expanded Public Works Programme

General Information

Mayoral Committee

Executive Mayor	Konza, N
Councillors	Janda, S (Speaker)
	Mtintsilana, S (Chief Whip)
	Madikane, E (Corporate Services Human Resources and Admin)
	Mgidlana, N (Community Safety)
	Memani, M (Land and Housing)
	Finca, P (Local Economic Development)
	Bikisha, M (Strategic Planning)
	Jacobs, L.E.V (Budget and Treasury)
	Genu, S (Water and Sanitation)
	Melitafa, B (Engineering and Infrastructure)
	Zuka, S (Community Services)
	Nyalambisa, N (Community Liason and Participation)

Grading and Jurisdication Grade 7

- Intergrated development planning for the District Municipality as a whole including a framework for all municipalities in the area
- Potable water supply system
- Domestic waste-water and sewarage disposal systems
- Solid waste disposal sites, in so far as it relates to :

– determining a waste disposal strategy

– regulation of waste disposal

- Municipal Health Services
- Fire fighting services serving the area
- Promotion of local tourism area
- The receipt and allocation of grants

The Amathole District Municipality is located in the mid-section of the Eastern Cape Province along the coastline of the Indian Ocean, encompassing the
former homeland areas of the Ciskei and Transkei, as well as the former Cape.

General Information

Provincial Administration areas

The Amathole District Municipality's dermarcated area is made up of seven (7) local municipalities namely :
Amahlathi Municipality
Great Kei Municipality
Mbhashe Municipality
Mnquma Municipality
Ngqushwa Municipality
Nkonkobe Municipality
Nxuba Municipality

LEGISLATION

The ADM complies with the following key and other related pieces of legislation :

Municipal Finance Management Act 56 of 2003
Municipal Dermacation Act 27 of 1998
Municipal Structures Act 117 of 998
Laws Amendment Act 51 of 2002
Constitution of the Republic of South Africa Act No. 108 as amended
Municipal Systems Act 32 of 2000
Water Service Act 108 of 1997
Basic Conditions of Employment Act 75 of 1997
Labour Relations Act 66 of 1995
Remuneration of the Public Office Bearers Act 20 of 1998
Division of Revenue Act 10 of 2004
Housing Act 107 of 1997
Local government transitions Act 209 of 1993
Local government transitions Act Second 97 of 1996
Local government : Municipal Planning and Performance Management Regulations 2001
Local government : Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers 2006
Supply Chain Management Regulations 2005
Value Added Tax Act 89 of 1991, and
Unemployment Insurance Act 30 of 1996

Municipal Manager	Mr C.N Magwangqana
Business address	Waverly Office Park No 3 - 33 Phillip Frame Road Chiselhurst 5247
Postal address	PO Box 320 East London 5200
Banker	Standard Bank, East London
Auditors	Auditor General of South Africa Registered Auditors

General Information

Councillors

Baleni, X (Mbhashe)
Bangani, L (Great Kei)
Benya, N (Mbhashe)
Tyali, C (PR)
Dwenya,T (Nkonkobe)
Dyani, T (Mnquma)
Jali, S (Ngqushwa)
Macakela, S (Nkonkobe)
Magatya, N (Mbashe)
Malgas, E (PR)
Mentoor, B (Nxuba)
Peter, M (Mbhashe)
Mkosana, V (PR)
Ntanga, T (Mnquma)
Ndabazonke, N (Ngqushwa)
Ngqongolo, G (Mnquma)
Nonjaca, N (Mbashe)
Nkunkuma,N (Amahlathi)
Plaatjie, N (Mnquma)
Qaba, P (Amahlathi)
Rawana, M (Nkonkobe)
Roji, X (Amahlathi)
Ngaye,T (Nkonkobe)
Siyongo, L (Nkonkobe)
Siwisa, M (Ngqushwa)
Solontsi, Z (Mnquma)
Msindwana, KD (Mbhashe)
Tyala, N (Mnquma)
Manxila, T (Mnquma)
Ward, W (PR)
Kabane, Z (PR - MPAC Chairpeson)
Mlungu, N (Mbhashe)
Skelenge,NH (Mnquma Representative)
Papu, M (PR)

Directors ASPIRE

Ms Loyilane NEP (Chairperson resigned in 24 June 2016)
Mr July MM (Deputy Chairperson)
Ms Buswana T
Mrs Hluyo F
Mr Mbende NE (Acting Board Chairperson)
Mr Metuse M
Mrs Mosehana MM
Mr Nkwentshana TW
Mr Qunta AT

Responsibilities and Approval

The accounting officers are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officers to ensure that the consolidated annual financial statements fairly present the state of affairs of the municipality and group as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements and was given unrestricted access to all financial records and related data.
The consolidated annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The consolidated annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officers acknowledge that they are ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officers to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officers are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officers have reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the grants for continued funding of operations. The consolidated annual financial statements are prepared on the basis that the municipality is a going concern and that the Amathole District Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.
The external auditors are responsible for independently reviewing and reporting on the group's consolidated annual financial statements.

The consolidated annual financial statements set out on pages 6 to 151, which have been prepared on the going concern basis, were approved on 30 September 2016 and were signed on its behalf by:

C. Magwanggana
Municipal Manager

S. Kieck
Acting Chief Financial Officer

Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	Group		Municipality	
		2016	2015 Restated	2016	2015 Restated
Assets					
Current Assets					
Inventories	12	8 537 205	6 991 453	8 537 205	6 991 453
Receivables from exchange transactions	13	74 935 788	92 212 711	74 935 788	92 212 711
Receivables from non- exchange transactions	14	9 423 249	20 720 674	9 273 992	20 140 735
VAT receivable	15	44 238 280	106 746 502	44 054 118	105 889 959
Current tax receivables	21	99 701	653 431	-	-
Current portion of receivables transferred from non current receivables	9	125 597 660	159 001 792	125 597 660	159 001 792
Cash and cash equivalents	16	147 675 208	220 484 983	131 364 632	205 045 741
		410 507 091	**606 811 546**	**393 763 395**	**589 282 391**
Non - Current Assets					
Investment property	4	154 970 432	147 724 715	154 970 432	147 724 715
Property, plant and equipment	5	4 530 309 471	4 129 128 416	4 529 951 490	4 128 735 335
Intangible assets	6	20 506 891	5 783 639	20 496 758	5 761 461
Heritage assets	7	400 000	400 000	400 000	400 000
Investments in controlled entities	8	-	-	1 000	1 000
Non current receivables	9	1 712 595	128 859 696	1 712 595	128 859 696
		4 707 899 388	**4 411 896 466**	**4 707 532 275**	**4 411 482 207**
Total Assets		**5 118 406 479**	**5 018 708 012**	**5 101 295 670**	**5 000 764 598**
Liabilities					
Current Liabilities					
Current portion: Interest bearing borrowing - DBSA	19	132 684 268	172 351 148	132 684 268	172 351 148
Financial lease obligation	17	2 738 674	199 693	2 738 674	199 693
Payables from exchange transactions	22	270 471 734	347 465 505	269 077 382	343 744 290
Taxes and transfers payable (non - exchange)	23	7 392 370	-	7 392 370	-
Consumer deposits	24	2 757 829	2 457 622	2 757 829	2 457 622
Unspent conditional grants and receipts	18	56 394 186	58 558 729	41 914 426	45 239 540
Provisions	20	7 535 787	6 154 999	7 535 787	6 154 999
		479 974 849	**587 187 696**	**464 100 736**	**570 147 292**
Non- current Liabilities					
Interest bearing borrowings DBSA	19	-	127 320 150	-	127 320 150
Financial lease obligation	17	465 035	97 340	465 035	97 340
Operating lease liability	10	2 865 513	1 851 816	2 844 286	1 788 161
Employee benefit obligation	11	239 187 601	213 629 905	239 187 601	213 629 905
		242 518 150	**342 899 211**	**242 496 922**	**342 835 554**
Total Liabilities		**722 492 999**	**930 086 907**	**706 597 658**	**912 982 846**
Net Assets		**4 395 913 480**	**4 088 621 105**	**4 394 698 012**	**4 087 781 752**
Reserves					
Accumulated surplus		4 395 913 480	4 088 621 105	4 394 698 012	4 087 781 752
Total Net Assets		**4 395 913 480**	**4 088 621 105**	**4 394 698 012**	**4 087 781 752**

Statement of Financial Performance as at 30 June 2016

Figures in Rand	Note(s)	Group 2016	Group 2015 Restated	Municipality 2016	Municipality 2015 Restated
Revenue					
Revenue from exchange transaction					
Service charges	26	217 240 419	242 418 883	217 240 419	242 418 883
Rental of facilities and equipment	27	984 350	315 510	984 350	315 510
Interest earned outstanding receivables	56	37 408 693	35 223 104	37 408 693	35 223 104
Other income	28	5 708 079	4 788 151	5 360 950	4 736 144
Interest received - Investment	29	20 450 867	27 814 067	20 393 216	27 381 848
Total revenue from exchange transaction		**281 792 408**	**310 559 715**	**281 387 628**	**310 075 489**
Revenue from non - exchange transaction					
Transfer revenue					
Government grants & subsidies	31	1 369 754 842	1 534 704 222	1 363 418 860	1 525 719 110
Own revenue - VAT on other grants	25	31 590 621	47 466 413	31 590 621	47 466 413
Own revenue - VAT on MIG	25	22 290 260	48 503 349	22 290 260	48 503 349
Total revenue from non - exchange transaction		**1 423 635 723**	**1 630 673 984**	**1 417 299 741**	**1 621 688 872**
Total revenue	25	**1 705 428 131**	**1 941 233 699**	**1 698 687 369**	**1 931 764 361**
Expenditure					
Employee related costs	32	(636 557 487)	(583 328 945)	(622 528 264)	(569 975 244)
Remuneration of councillors	33	(15 089 676)	(14 145 096)	(14 130 150)	(13 029 865)
Depreciation and amortisation	34	(100 218 318)	(91 102 796)	(100 034 420)	(90 856 216)
Finance costs	35	(42 260 635)	(31 028 407)	(42 186 776)	(31 001 620)
Debt impairment	36	(162 530 330)	(154 873 868)	(162 127 101)	(154 873 868)
Collection costs		(3 456 506)	(1 968 610)	(3 456 506)	(1 968 610)
Repairs and maintenance	58	(41 675 647)	(54 089 561)	(41 662 012)	(54 079 293)
Bulk purchases	37	(89 173 581)	(57 572 563)	(89 173 581)	(57 572 563)
Contracted services	38	(34 043 088)	(28 038 567)	(33 176 138)	(28 038 567)
Grants and subsidies paid	30	(16 792 709)	(8 680 373)	-	-
General expense	39	(262 700 614)	(678 766 589)	(289 983 313)	(691 833 815)
Total expenditure		**(1 404 498 591)**	**(1 703 595 375)**	**(1 398 458 261)**	**(1 693 229 661)**
Operating surplus		**300 929 540**	**237 638 324**	**300 229 108**	**238 534 700**
Gain (Loss) on disposal of assets	57	(9 347 504)	(5 679 773)	(9 215 107)	(5 698 121)
Actuarial gains / losses	11	15 902 259	15 280 893	15 902 259	15 280 893
Surplus before tax		**307 484 295**	**247 239 444**	**306 916 260**	**248 117 472**
Taxation	42	(191 920)	115 211	-	-
Surplus for the year		**307 292 375**	**247 354 655**	**306 916 260**	**248 117 472**

Statement of Changes in Net Assets

Figures in Rand	Accumulated Surplus	Total Net Assets
Group		
Opening balance as previously reported	3 755 383 483	3 755 383 483
Changes in accounting policy (Note 2)	29 226 831	29 226 831
Prior year adjustments (Note 47)	56 656 136	56 656 136
Restated Balance at 01 July 2014	**3 841 266 450**	**3 841 266 450**
Surplus for the year 30 June 2015	247 354 655	247 354 655
Restated Balance at 01 July 2015	**4 088 621 105**	**4 088 621 105**
Surplus for the year	307 292 375	307 292 375
Balance at 30 June 2016	**4 395 913 480**	**4 395 913 480**
Municipality		
Opening balance as previously reported	3 753 781 312	3 753 781 312
Changes in accounting policy (Note 2)	29 226 831	29 226 831
Prior year adjustments (Note 47)	56 656 136	56 656 136
Balance at 01 July 2014 as restated	**3 839 664 279**	**3 839 664 279**
Changes in net assets		
Surplus for the 30 June 2015	248 117 472	248 117 472
Total changes	248 117 472	248 117 472
Balance at 01 July 2015	**4 087 781 752**	**4 087 781 752**
Changes in net assets		
Surplus for the year	306 916 260	306 916 260
Balance at 30 June 2016	**4 394 698 012**	**4 394 698 012**

Cash Flow Statement as at 30 June 2016

Figures in Rand	Note(s)	Group		Municipality	
		2016	2015 Restated	2016	2015 Restated
Cash flows from operating activities					
Receipts					
Service charges		89 689 992	97 258 021	89 689 992	97 258 021
Grants		1 399 226 387	1 260 967 371	1 360 093 746	1 222 351 254
Interest income		58 843 910	29 939 231	58 786 259	29 507 012
Other receipts		70 125 367	103 744 858	70 125 367	103 744 858
		1 617 885 656	**1 491 909 481**	**1 578 695 364**	**1 452 861 145**
Payments					
Employee costs		(646 862 934)	(572 445 766)	(631 873 773)	(558 995 811)
Suppliers		(485 919 395)	(750 693 681)	(462 365 307)	(736 135 406)
Finance costs		(35 103 615)	(17 677 260)	(35 100 169)	(17 650 473)
Taxation		361 811	(650 220)		
		(1 167 524 133)	**(1 341 466 927)**	**(1 129 339 249)**	**(1 312 781 690)**
Net cash flows from operating activities	41	**450 361 523**	**150 442 554**	**449 356 115**	**140 079 455**
Cash flow from investing activities					
Purchase of property, plant and equipment	5	(494 484 059)	(721 340 759)	(494 342 662)	(721 134 355)
Proceeds from sale of property, plant and equipment	5	1 669 684	1 598 849	1 662 359	1 566 995
Purchase of other intangible assets	6	(20 041 400)	(5 015 945)	(20 041 400)	(5 000 000)
Decrease/(Increase) in current investment		-	387 616 947	-	387 616 947
Increase in non-current receivables		127 147 101	(227 276)	127 147 101	(227 276)
Movement in current portion of non- current receivables		33 404 132	-	33 404 132	-
Net cash flows from investing activities		**(352 304 543)**	**(337 368 184)**	**(352 170 470)**	**(337 177 689)**
Cash flow from financing activities					
Movement in interest bearing borrowings DBSA		(174 073 638)	286 320 150	(174 073 638)	286 320 150
Proceeds from consumer deposits		300 207	343 614	300 207	343 614
Finance lease payments		2 906 676	(669 829)	2 906 676	(669 829)
Net cash flows from financing activities		**(170 866 756)**	**285 993 936**	**(170 866 754)**	**285 993 936**
Net increase/(Decrease) in cash and cash equivalents		**(72 809 776)**	**99 068 306**	**(73 681 109)**	**88 895 702**
Cash and cash equivalent at the beginning of the year		220 484 984	121 416 677	205 045 741	116 150 039
Cash and cash equivalent at the end of the year	16	**147 675 208**	**220 484 983**	**131 364 632**	**205 045 741**

Statement of Comparison of Budget and Actual Amounts

Budget on accrual basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Group						
Statement of Financial Performance						
Revenue						
Revenue from exchange transaction						
Service charges	242 728 289	(46 000 000)	**196 728 289**	217 240 419	(20 512 130)	1
Rental of facilities and equipment	2 205 997	(1 984 721)	**221 276**	984 350	(763 074)	2
Interest earned outstanding receivables	6 601 295	-	**6 601 295**	37 408 693	(30 807 398)	3
Other income	540 688 166	33 556 620	**574 244 786**	5 708 079	568 536 707	4
Interest received - Investment	11 424 880	(550 000)	**10 874 880**	20 450 867	(9 575 987)	5
Total revenue from exchange transaction	**803 648 627**	**(14 978 101)**	**788 670 526**	**281 792 408**	**506 878 118**	
Revenue from non - exchange transaction						
Transfer revenue						
Fines	-	500	500	-	500	
Government grants & subsidies	1 199 710 996	(81 868 941)	**1 117 842 055**	1 369 754 842	(251 912 787)	6
Own revenue - VAT on MIG	-	-	-	31 590 621	(31 590 621)	7
Own revenue - VAT on other grants	-	-	-	22 290 260	(22 290 260)	8
Total revenue from non - exchange transaction	**1 199 710 996**	**(81 868 441)**	**1 117 842 555**	**1 423 635 723**	**(305 793 168)**	**21**
Total revenue	**2 003 359 623**	**(96 846 542)**	**1 906 513 081**	**1 705 428 131**	**201 084 950**	
Expenditure						
Personnel	(638 384 485)	(930 572)	**(639 315 057)**	(636 557 487)	(2 757 570)	9
Remuneration of councillors	(15 952 167)	1 215 514	**(14 736 653)**	(15 089 676)	353 023	10
Depreciation and amortisation	(176 624 616)	-	**(176 624 616)**	(100 218 318)	(76 406 298)	11
Finance costs	(53 864 739)	12 408 760	**(41 455 979)**	(42 260 635)	804 656	12
Bad debts written off	(162 127 101)	(585 000)	**(162 712 101)**	(162 530 330)	(181 771)	13
Collection costs	-	-	-	(3 456 506)	3 456 506	14
Repairs and maintenance	(29 611 668)	(5 313 838)	**(34 925 506)**	(41 675 647)	6 750 141	15
Bulk purchases	(75 000 000)	(6 999 990)	**(81 999 990)**	(89 173 581)	7 173 591	16
Contracted services	(34 431 968)	761 036	**(33 670 932)**	(34 145 090)	474 158	17
Grant and subsidies paid	(64 976 786)	15 752 208	**(49 224 578)**	(16 792 709)	(32 431 869)	
General expenses	(311 746 356)	13 091 563	**(298 654 793)**	(262 711 442)	(35 943 351)	18
Total expenditure	**(1 562 719 886)**	**29 399 681**	**(1 533 320 205)**	**(1 404 611 421)**	**(128 708 784)**	
Operating surplus	**440 639 737**	**(67 446 861)**	**373 192 876**	**300 816 710**	**72 376 166**	
Actuarial gain / loss	-	1 407	**1 407**	15 902 259	(15 900 852)	21
(Loss) gain on disposal of assets	-	-	-	(9 347 504)	9 347 504	22
	-	**1 407**	**1 407**	**6 554 755**	(6 553 348)	
Surplus before taxation	**440 639 737**	**(67 445 454)**	**373 194 283**	**307 371 465**	**65 822 818**	
Actual Amount on Comparable basis	**440 639 737**	**(67 445 454)**	**373 194 283**	**307 371 465**	65 822 818	

Statement of Comparison of Budget and Actual Amounts

Budget on accrual basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Municipality						
Statement of Financial Performance						
Revenue						
Revenue from exchange transaction						
Service charges	242 728 289	(46 000 000)	**196 728 289**	217 240 419	**20 512 130**	1
Rental of facilities and equipment	2 205 997	(1 984 721)	**221 276**	984 350	**763 074**	2
Interest earned outstanding receivables	6 601 295	-	**6 601 295**	37 408 693	**30 807 398**	3
Other income	538 171 885	35 076 901	**573 248 786**	5 360 950	**(567 887 836)**	4
Interest received - investment	10 874 880	-	**10 874 880**	20 393 216	**9 518 336**	5
Total revenue from exchange transaction	**800 582 346**	**(12 907 820)**	**787 674 526**	**281 387 628**	**(506 286 898)**	
Revenue from non - exchange transaction						
Fines	-	500	**500**	-	**(500)**	
Transfer revenue						
Government grants & subsidies	1 153 733 987	(66 133 140)	**1 087 600 847**	1 363 418 860	**275 818 013**	6
Own revenue - VAT on MIG	-	-	**-**	31 590 621	**31 590 621**	7
Own revenue - VAT on other grants			**-**	22 290 260	**22 290 260**	8
Total revenue from non - exchange transaction	**1 153 733 987**	**(66 132 640)**	**1 087 601 347**	**1 417 299 741**	**329 698 894**	
Total revenue	**1 954 316 333**	**(79 040 460)**	**1 875 275 873**	**1 698 687 369**	**(176 588 004)**	
			-			
Expenditure			-			
Employee related costs	(621 668 275)	(1 883 397)	**(623 551 672)**	(622 528 264)	**1 023 408**	9
Remuneration of councillors	(14 874 167)	1 037 514	**(13 836 653)**	(14 130 150)	**(293 497)**	10
Depreciation and amortisation	(176 382 616)	-	**(176 382 616)**	(100 034 420)	**76 348 196**	11
Finance costs	(53 864 739)	12 408 760	**(41 455 979)**	(42 186 776)	**(730 797)**	12
Bad debts written off	(162 127 101)	(585 000)	**(162 712 101)**	(162 127 101)	**585 000**	13
Collection costs	-	-	**-**	(3 456 506)	**(3 456 506)**	14
Repairs and maintenance	(29 611 668)	(5 313 838)	**(34 925 506)**	(41 662 012)	**(6 736 506)**	15
Bulk purchases	(75 000 000)	(6 999 990)	**(81 999 990)**	(89 173 581)	**(7 173 591)**	16
Contracted services	(34 431 968)	761 036	**(33 670 932)**	(33 176 138)	**494 794**	17
General expenses	(345 716 062)	12 168 514	**(333 547 548)**	(289 983 313)	**43 564 235**	18
Total expenditure	**(1 513 676 596)**	**11 593 599**	**(1 502 082 997)**	**(1 398 458 261)**	**103 624 736**	
Operating surplus	**440 639 737**	**(67 446 861)**	**373 192 876**	**300 229 108**	**(72 963 768)**	
Actuarial gain / loss	-	1 407	**1 407**	15 902 259	**15 900 852**	
(Loss) gain on disposal of assets			**-**	(9 215 107)	**(9 215 107)**	19
Surplus for the year		**1 407**	**1 407**	**6 687 152**	**6 685 745**	
Actual Amount on Comparable basis	**440 639 737**	**(67 445 454)**	**373 194 283**	**306 916 260**	**(66 278 023)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Group						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	4 633 904	-	**4 633 904**	8 537 205	3 903 301	1
Current tax receivable	-	-	**-**	99 701	99 701	
Receivables from exchange transactions	(59 625 066)	-	**(59 625 066)**	74 935 788	**134 560 854**	2
Receivables from non- exchange transactions	53 515 266	-	**53 515 266**	9 423 249	**(44 092 017)**	3
VAT receivable	-	-	**-**	44 238 280	**44 238 280**	4
Current portion of receivables transferred from non current receivables	-	-	**-**	125 597 660	**125 597 660**	5
Cash and cash equivalents	399 000 119	-	**399 000 119**	147 675 208	**(251 324 911)**	6
	397 524 223	**-**	**397 524 223**	**410 507 091**	**12 982 868**	
Non - Current Assets						
Investment property	80 448 677	-	**80 448 677**	154 970 432	**74 521 755**	8
Property, plant and equipment	4 487 156 068	-	**4 487 156 068**	4 530 309 471	**43 153 403**	9
Intangible assets	-	-	**-**	20 506 891	**20 506 891**	10
Heritage assets	-	-	**-**	400 000	**400 000**	
Non - current receivables	1 572 063	-	**1 572 063**	1 712 595	**140 532**	
	4 569 176 808	**-**	**4 569 176 808**	**4 707 899 389**	**138 722 581**	
Total Assets	**4 966 701 031**	**-**	**4 966 701 031**	**5 118 406 480**	**151 705 449**	
Liabilities						
Current Liabilities						
Current portion: Interest bearing borrowing - DBSA	750 208	-	**750 208**	132 684 268	**131 934 060**	12
Financial lease obligation	-	-	**-**	2 738 674	**2 738 674**	
Payables from exchange transactions	347 102 871	-	**347 102 871**	270 471 734	**(76 631 137)**	14
Taxes and transfers payable (non - exchange)	-	-	**-**	7 392 370	**7 392 370**	15
Consumer deposits	2 477 626	-	**2 477 626**	2 757 829	**280 203**	
Unspent conditional grants and receipts	-	-	**-**	56 394 186	**56 394 186**	16
Provisions	10 767 112	-	**10 767 112**	7 535 787	**(3 231 325)**	18
	361 097 817	**-**	**361 097 817**	**479 974 848**	**118 877 031**	
Non- current Liabilities						
Financial lease obligation	332 677	-	**332 677**	465 035	**132 358**	
Operating lease liability	-	-	**-**	2 865 516	**2 865 516**	
Employee benefit obligation	261 964 352	-	**261 964 352**	239 187 601	**(22 776 751)**	20
	262 297 029	**-**	**262 297 029**	**242 518 152**	**(19 778 877)**	
Total Liabilities	**623 394 846**	**-**	**623 394 846**	**722 493 000**	**99 098 154**	
Net Assets	**4 343 306 185**	**-**	**4 343 306 185**	**4 395 913 480**	**52 607 295**	-
Net assets attributable to owners of controlling entity						
Reserves						
Revaluation reserves	30 146 045	-	**30 146 045**	-	**(30 146 045)**	
Accumulated surplus	4 313 161 140	-	**4 313 161 140**	4 395 913 480	**82 752 340**	
Total Net Assets	**4 343 307 185**	**-**	**4 343 307 185**	**4 395 913 480**	**52 606 295**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Municipality						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	4 633 904	-	**4 633 904**	8 537 205	3 903 301	**1**
Receivables from exchange transactions	(59 625 066)	-	**(59 625 066)**	74 935 787	**134 560 853**	**2**
Receivables from non- exchange transactions	53 515 266	-	**53 515 266**	9 273 992	**(44 241 274)**	**3**
VAT receivable	-	-	-	44 054 118	**44 054 118**	**4**
Current portion of receivables transferred from non current assets	-	-	-	125 597 660	**125 597 660**	**5**
Cash and cash equivalents	399 000 119	-	399 000 119	131 364 632	(267 635 487)	6
	397 524 223	-	397 524 223	393 763 394	(3 760 829)	
Non - Current Assets						
Investment property	80 448 677	-	**80 448 677**	154 970 432	**74 521 755**	**8**
Property, plant and equipment	4 487 156 068	-	**4 487 156 068**	4 529 951 489	**42 795 421**	**9**
Intangible assets	-	-	-	20 496 758	**20 496 758**	**10**
Heritage assets	-	-	-	400 000	**400 000**	
Investments in controlled entities	1 000	-	**1 000**	1 000	-	
Non - current receivables	1 572 063	-	1 572 063	1 712 595	140 532	
	4 569 177 808	-	4 569 177 808	4 707 532 274	138 354 466	
Total Assets	**4 966 702 031**	-	4 966 702 031	5 101 295 668	134 593 637	
Liabilities						
Current Liabilities						
Current portion: Interest bearing borrowing - DBSA	750 208	-	**750 208**	132 684 268	**131 934 060**	**12**
Financial lease obligation	-	-	-	2 738 674	**2 738 674**	
Payables from exchange transactions	347 102 871	-	**347 102 871**	269 077 382	**(78 025 489)**	**14**
Taxes and transfers payable (non - exchange)	-	-	-	7 392 370	**7 392 370**	**15**
Consumer deposits	2 477 626	-	**2 477 626**	2 757 829	**280 203**	
Unspent conditional grants and receipts	-	-	-	41 914 426	**41 914 426**	**16**
Provisions	10 767 112	-	10 767 112	7 535 787	(3 231 325)	18
	361 097 817	-	361 097 817	464 100 736	103 002 919	
Non- current Liabilities						
Financial lease obligation	332 677	-	**332 677**	465 035	**132 358**	
Operating lease liability	-	-	-	2 844 286	**2 844 286**	
Employee benefit obligation	261 964 352	-	261 964 352	239 187 601	(22 776 751)	20
	262 297 029	-	262 297 029	242 496 922	(19 800 107)	
Total Liabilities	**623 394 846**	-	623 394 846	706 597 658	83 202 812	
Net Assets	**4 343 307 185**	-	4 343 307 185	4 394 698 010	51 390 825	-
Net assets attributable to owners of controlling entity						
Reserves						
Revaluation reserves	30 146 045	-	**30 146 045**	-	**(30 146 045)**	
Accumulated surplus	4 313 161 140	-	4 313 161 140	4 394 698 010	81 536 870	
Total Net Assets	**4 343 307 185**	-	4 343 307 185	4 394 698 010	51 390 825	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Group						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Service charges	444 596 455	(13 492 320)	**431 104 135**	89 689 992	**(341 414 143)**	
Grants	1 153 733 987	(66 133 140)	**1 087 600 847**	1 399 226 387	**311 625 540**	
interest income	17 476 175	-	**17 476 175**	58 843 910	**41 367 735**	
Other receipts	-	-	-	70 125 367	**70 125 367**	
	1 615 806 617	**(79 625 460)**	**1 536 181 157**	**1 617 885 656**	**81 704 499**	
Payments						
Emplcyee costs	(1 101 302 140)	(230 161)	**(1 101 532 301)**	(646 862 934)	**454 669 367**	
Suppliers	-	-	-	(485 919 395)	**(485 919 395)**	
Finance costs	(53 864 739)	12 408 760	**(41 455 979)**	(35 103 615)	**6 352 364**	
Taxation	(20 000 000)	-	**(20 000 000)**	361 811	**20 361 811**	
	(1 175 166 879)	**12 178 599**	**(1 162 988 280)**	**(1 167 524 133)**	**-4 535 853**	
Net cash flows from operating activities	**440 639 738**	**(67 446 861)**	**373 192 877**	**450 361 523**	**77 168 646**	1
Cash flow from investing activities						
Purchase of property, plant and equipment	(440 639 737)	-	**(440 639 737)**	(494 484 059)	**(53 844 322)**	
Proceeds from sale of property, plant and equipment	-	-	-	1 669 684	**1 669 684**	
Purchase of intangible assets	-	-	-	(20 041 400)	**(20 041 400)**	
Movement in current portion of non current receivables	-	-	-	33 404 132	**33 404 132**	
Increase in current receivables	-	-	-	127 147 101	**127 147 101**	
Net cash flows from investing activities	**(440 639 737)**	**-**	**(440 639 737)**	**(352 304 543)**	**88 335 195**	2
Cash flow from financing activities						
Movement in interest bearing borrowings DBSA	-	-	-	(174 073 638)	**(174 073 638)**	
Proceeds from consumer deposits				300 207	**300 207**	
Repayment of other financial liabilities				2 906 676	**2 906 676**	
Net cash flows from financing activities	-	-	-	**(170 866 755)**	**(170 866 755)**	3
Net increase/(Decrease) in cash and cash equivalents		(67 446 861)	**(67 446 861)**	(72 809 776)	**(5 362 915)**	
Cash and cash equivalent at the beginning of the year	211 000 119	-	**211 000 119**	220 484 984	**9 484 865**	
Cash and cash equivalent at the end of the year	**211 000 119**	**(67 446 861)**	**143 553 258**	**147 675 208**	**4 121 950**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Municipality						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Service charges	444 596 455	(13 492 320)	**431 104 135**	89 689 992	**(341 414 143)**	
Grants	1 153 733 987	(66 133 140)	**1 087 600 847**	1 360 093 746	**272 492 899**	
interest income	17 476 175	-	**17 476 175**	58 786 259	**41 310 084**	
Other receipts	-	-	-	70 125 367	**70 125 367**	
	1 615 806 617	**(79 625 460)**	**1 536 181 157**	**1 578 695 364**	**42 514 207**	
Payments						
Employee costs	(1 101 302 140)	(230 161)	**(1 101 532 301)**	(631 873 773)	**469 658 528**	
Suppliers	-	-	-	(462 365 307)	**(462 365 307)**	
Finance costs	(53 864 739)	12 408 760	**(41 455 979)**	(35 100 169)	**6 355 810**	
Taxation	(20 000 000)	-	**(20 000 000)**	-	**20 000 000**	
	(1 175 166 879)	**12 178 599**	**(1 162 988 280)**	**(1 129 339 249)**	**33 649 031**	
Net cash flows from operating activities	**440 639 738**	**(67 446 861)**	**373 192 877**	**449 356 115**	**76 163 238**	1
Cash flow from investing activities						
Purchase of property, plant and equipment	(440 639 737)	-	**(440 639 737)**	(494 342 662)	**(53 702 925)**	
Proceeds from sale of property, plant and equipment	-	-	-	1 662 359	**1 662 359**	
Purchase of intangible assets	-	-	-	(20 041 400)	**(20 041 400)**	
Movement in current portion of non current receivables	-	-	-	33 404 132	**33 404 132**	
Increase in current receivables	-	-	-	127 147 101	**127 147 101**	
	-	-	-			
Net cash flows from investing activities	**(440 639 737)**	**-**	**(440 639 737)**	**(352 170 470)**	**88 469 267**	2
Cash flow from financing activities						
Movement in interest bearing borrowings DBSA	-	-	-	(174 073 638)	**(174 073 638)**	
Proceeds from consumer deposits				300 207	**300 207**	
Repayment of other financial liabilities				2 906 676	**2 906 676**	
Net cash flows from financing activities	-	-	-	**(170 866 755)**	**(170 866 755)**	3
Net Increase/(Decrease) in cash and cash equivalents		(67 446 861)	**(67 446 861)**	(73 681 110)	**(6 234 249)**	
Cash and cash equivalent at the beginning of the year	211 000 119	-	**211 000 119**	205 045 741	**(5 954 378)**	
Cash and cash equivalent at the end of the year	**211 000 119**	**(67 446 861)**	**143 553 258**	**131 364 631**	**(12 188 627)**	

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised Variance expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Group - 2016											
Financial Performance											
Service charges	242 728 289	(46 000 000)	196 728 289	-	-	196 728 289	217 240 419	-	20 512 130	1	1
Investment revenue	11 424 880	(550 000)	10 874 880	-	-	10 874 880	20 450 867	-	9 518 336	2	2
Transfers recognised - operational	771 604 587	9 371 565	780 976 152	-	-	780 976 152	739 954 872	-	(8 918 688)	1	1
Other own revenue	549 495 458	31 572 399	581 067 857	-	-	581 067 857	97 982 003	-	(466 534 724)	0	0
Total revenue (excluding capital transfers and contributions)	**1 575 253 214**	**(5 606 036)**	**1 569 647 178**	**-**	**-**	**1 569 647 178**	**1 075 628 161**	**-**	**(445 422 946)**	**4**	**4**
Employee costs	(638 384 485)	(930 572)	(639 315 057)	-	-	(639 315 057)	(636 557 487)	-	1 023 408	1	1
Remuneration of councillors	(15 952 167)	1 215 514	(14 736 653)	-	-	(14 736 653)	(15 089 676)	-	(293 497)	1	1
Debt impairment	(162 127 101)	(585 000)	(162 712 101)	-	-	(162 712 101)	(162 530 330)	-	585 000	1	1
Depreciation and asset impairment	(176 624 616)	-	(176 624 616)	-	-	(176 624 616)	(100 218 318)	-	76 348 196	1	1
Finance charges	(53 864 739)	12 408 760	(41 455 979)	-	-	(41 455 979)	(42 260 635)	-	(730 797)	1	1
Material and bulk purchases	(75 000 000)	(6 999 990)	(81 999 990)	-	-	(81 999 990)	(89 173 581)	-	(7 173 591)	1	1
Transfers and grants	(64 975 786)	15 752 208	(49 224 578)	-	-	(49 224 578)	(16 792 709)	-	20 000 000	-	-
Other expenditure	(375 789 992)	8 538 761	(367 251 231)	-	-	(367 251 231)	(341 988 685)	-	4 650 910	1	1
Total expenditure	**(1 562 719 886)**	**29 399 681**	**(1 533 320 205)**	**-**	**-**	**(1 533 320 205)**	**(1 404 611 421)**	**-**	**94 409 629**	**7**	**6**
Surplus/ (Deficit)	**12 533 328**	**23 793 645**	**36 326 973**	**-**	**-**	**36 326 973**	**(328 983 260)**	**-**	**(351 013 317)**		
Transfers recognised - capital	428 106 409	(91 240 506)	336 865 903	-		336 865 903	629 799 970		292 934 067	187%	147%
Surplus / Deficit after capital transfers and contributions	**440 639 737**	**(67 446 861)**	**373 192 876**	**-**	**-**	**373 192 876**	**300 816 710**	**-**	**387 343 696**	**81%**	**68%**
Capital expenditure and funds sources											
Total capital expenditure	440 639 747	(67 446 861)	373 192 886	-	-	373 192 886	642 413 579	-	269 220 693	172%	146%
Source of capital funds											
Transfers recognised - capital	417 606 404	(91 240 506)	326 365 898	-	-	326 365 898	615 967 291	-	289 601 393	189%	147%
Internally generated funds	23 033 333	23 793 645	46 826 978	-	-	46 826 978	26 446 288	-	(20 380 690)	56%	115%
Total sources of capital funds	**440 639 737**	**(67 446 861)**	**373 192 876**	**-**	**-**	**373 192 876**	**642 413 579**	**-**	**269 220 703**	**172%**	**146%**

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Municipality - 2016											
Financial Performance											
Service charges	242 728 289	(46 000 000)	196 728 289	-		196 728 289	217 240 419		20 512 130	110%	89%
Investment revenue	10 874 880	-	10 874 880	-		10 874 880	20 393 216		9 518 336	188%	188%
Transfers recognised - operational	736 127 578	6 410 000	742 537 578	-		742 537 578	733 618 890		(8 918 688)	99%	100%
Other own revenue	546 979 177	33 092 680	580 071 857	-		580 071 857	113 537 133		(466 534 724)	20%	21%
Total revenue (excluding capital transfers and contributions)	**1 536 709 924**	**(6 497 320)**	**1 530 212 604**	**-**		**1 530 212 604**	**1 084 789 658**		**(445 422 946)**	**71%**	**71%**
Employee costs	(621 668 275)	(1 883 397)	(623 551 672)	-		(623 551 672)	(622 528 264)		1 023 408	100%	100%
Remuneration of councillors	(14 874 167)	1 037 514	(13 836 653)	-		(13 836 653)	(14 130 150)		(293 497)	102%	95%
Debt impairment	(162 127 101)	(585 000)	(162 712 101)	-		(162 712 101)	(162 127 101)		585 000	100%	100%
Depreciation and asset impairment	(176 382 616)	-	(176 382 616)	-		(176 382 616)	(100 034 420)		76 348 196	57%	57%
Finance charges	(53 864 739)	12 408 760	(41 455 979)	-		(41 455 979)	(42 186 776)		(730 797)	102%	78%
Material and bulk purchases	(75 000 000)	(6 999 990)	(81 999 990)	-		(81 999 990)	(89 173 581)		(7 173 591)	109%	119%
Transfers and grants	(20 000 000)	-	(20 000 000)	-		(20 000 000)	-		20 000 000	0%	0%
Other expenditure	(389 759 698)	7 615 712	(382 143 986)	-		(382 143 986)	(377 493 076)		4 650 910	99%	97%
Total expenditure	**(1 513 676 596)**	**11 593 599**	**(1 502 082 997)**	**-**		**(1 502 082 997)**	**(1 407 673 368)**		**94 409 629**	**94%**	**93%**
Surplus/ (Deficit)	**23 033 328**	**5 096 279**	**28 129 607**	**-**		**28 129 607**	**(322 883 710)**		**(351 013 317)**	**-1148%**	**-1402%**
Transfers recognised - capital	417 606 409	(72 543 140)	345 063 269	-		345 063 269	629 799 970		284 736 701	183%	151%
Surplus / Deficit after capital transfers and contributions	**440 639 737**	**(67 446 861)**	**373 192 876**	**-**	**-**	**373 192 876**	**306 916 260**	**-**	**(66 276 616)**	**82%**	**70%**
Capital expenditure and funds sources											
Total capital expenditure	440 639 747	(67 446 861)	373 192 876	-	-	373 192 876	642 413 579	-	269 220 703	172%	146%
Source of capital funds											
Transfers recognised - capital	417 606 404	(72 543 137)	345 063 267	-	-	345 063 267	615 967 291	-	270 904 024	179%	147%
Internally generated funds	23 033 333	5 096 276	28 129 609	-	-	28 129 609	26 446 288	-	(1 683 321)	94%	115%
Total sources of capital funds	**440 639 737**	**(67 446 861)**	**373 192 876**	**-**	**-**	**373 192 876**	**642 413 579**	**-**	**269 220 703**	**172%**	**146%**

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Group											
Cash flows											
Net cash from operating (used)	440 639 738	(67 446 861)	373 192 877	0		373 192 877	450 361 523		77 168 646	121%	102%
Net cash from investing (used)	(440 639 737)	67 446 864	(373 192 873)	0		(373 192 873)	(352 304 543)		20 888 330	94%	80%
Net cash from financing (used)	-	-	-	0			(170 866 756)		(170 866 756)	#DIV/0!	#DIV/0!
Net increase /(decrease) in cash and cash equivalents	**1**	**3**	**4**	**0**		**4**	**(72 809 776)**		**(72 809 780)**	**-1820244400%**	**-7280977600%**
Cash and cash equivalents at the beginning of the year	-	-	-	0		-	220 484 984		220 484 984	#DIV/0!	#DIV/0!
Cash and cash equivalents at the end of the year	**1**	**3**	**4**	**0**		**4**	**147 675 208**		**147 675 204**	**3691880200%**	**14767520800%**

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Municipality											
Cash flows											
Net cash from operating (used)	440 639 738	(67 446 861)	373 192 877	0		373 192 877	449 356 115		76 163 238	120%	102%
Net cash from investing (used)	(440 639 737)	67 446 864	(373 192 873)	0		(373 192 873)	(352 170 470)		21 022 403	94%	80%
Net cash from financing (used)	-	-	-	0			(170 866 755)		(170 866 755)	#DIV/0!	#DIV/0!
Net increase /(decrease) in cash and cash equivalents	**1**	**3**	**4**	**0**		**4**	**(73 681 110)**		**(73 681 114)**	**-1842027750%**	**-7368111000%**
Cash and cash equivalents at the beginning of the year	-	-	-	0		-	205 045 741		205 045 741	#DIV/0!	#DIV/0!
Cash and cash equivalents at the end of the year	**1**	**3**	**4**	**0**		**4**	**131 364 631**		**131 364 627**	**3284115775%**	**13136463100%**

Accounting Policies

1. Basis of presentation

The consolidated annual financial statements have been prepared in accordance with the Standard of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003)

These consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions , events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.
These accounting policies are consistent with the previous period, unless specified otherwise.

1.1 Presentation currency

These consolidated annual financial statements in South African Rand, which is the functional currency of the group. The amounts in the annual financial statements are rounded to the nearest rand

1.2 Going concern assumption

These consolidated annual financial statements have been prepared on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Consolidation

Basis of consolidation

Consolidated annual financial statements are the consolidated annual financial statements of the group presented as those of a single entity.

The consolidated annual financial statements incorporate the consolidated annual financial statements of the municipality and all controlled entity which are controlled by the municipality.

Control exists when the municipality has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities .

The consolidated annual financial statements of the municipality and its controlled entity used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the consolidated annual financial statements of the controlled entity to bring its accounting policies in line with those of the municipality.

All intra-entity transactions, balances, revenues and expenses are eliminated in full of consolidation.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Significant judgements include:

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

Pension and other post - employment benefits

The cost of defined benefit pension plans, other employment medical benefits and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, morality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

For key actuarial assumptions, refer to note **11** " Employee Benefit obligations "

Depreciation and Amortisation

Depreciation and amortisation recognised on property , plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use , expected future use and the municipality's expectations about the availability of finance to replace the asset at end of its useful life. In evaluating how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

Accounting Policies

Infrastructure assets

The determination of the fair value of the water infrastructure assets is based upon assumptions and professional judgement applied by consulting engineers using best engineering practice and industry norms and standards.
The following assumptions have been made in the compilation of the low data confidence infrastructure asset register:
- The construction year is estimated using sources in the following order of precedence : available technical records, interviewing of operations staff, comparison with adjacent infrastructure. When the date of acquisition is not known and the construction year is estimated, the acquisition date is assumed to be the 1st day of January in the year of construction.
- The consumption of the benefits of infrastructure assets are predominately uniform over the life of the assets.
- The depreciation is therefore assumed to be straight line for all infrastructure assets.
- The residual value of all civil infrastructure assets is negligible as there is no open market for the materials used in civil infrastructure and the realizable value is very small. The scrap value of mechanical and electrical plant is also negligible.
- The remaining Useful Life was estimated using a combination of visual inspection and information on asset performance provided by operations staff. For hidden assets, such as pipes , the assessment is based on the age of the pipe and information on performance from the operations staff.

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements . In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Inventory - Water Stock

The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the network reticulation capacity at year end. Any existing drought conditions are also taken into consideration where applicable. The water stock on hand has been estimated using engineering best practice and industry norms and standards.

Impairments of non-financial assets

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and availability of information.

Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions and when measuring contingent
liabilities. Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. Provisions are discounted where the effect of discounting is material.

Taxation

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid is in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset

Current tax is recognised as income or an expense and included in surplus or deficit for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside surplus or deficit, directly in equity, or a business combination.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Operating lease commitments - Municipality as lessor

The municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties and thus accounts for them as operating leases. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease.

Accounting Policies

1.5 Investment property

Investment property includes property (land or a building, or part of a building, or both land or buildings under a finance lease) held to earn rentals and /or for capital appreciation rather than held to meet service delivery objectives or sale in the ordinary course of business. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.
Investment property is initially recognised when future benefits are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated. Investment properties are written down as a result of impairment, where considered necessary. Depreciation begins when the asset is available for use. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Investment property includes land held with an indefinite use. This land is recognised at fair value on the date of recognition

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life Property
Property - land	indefinite
Property - building	30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.
The investment property's residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year-end.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Impairments

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.
An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the group; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Accounting Policies

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised

Subsequent measurement

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite Life
Buildings	30 years
Furniture and fixtures	7 to 10 years
Motor vehicles	
• Vehicle	5 years
• Specialised Vehicles	3 to 20 years
Office equipment	3 to 7 years
• IT equipment	
IT equipment	3 to 5 years
Infrastructure	
• Roads and paving's	10 to 30 years
• Sewerage Mains and Purification Works	4 to 55 years
• Water Supply and Reticulation	3 to 94 years
Community	
• Libraries	30 years
• Buildings	30 years
• Community Centres	30 years
• Recreational Facilities	30 years
Other property, plant and equipment	
• Specialised Plant and Equipment	5 to 15 years
• Emergency and Medical Equipment	5 to 15 years
Ancillary fleet equipment and security	
• Security Equipment	3 to 5 years
Bins and containers	5 to 10 years
• Other Items	2 to 5 years
Leased Assets	3 to 5 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at end of each reporting date. if the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Accounting Policies

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Depreciation of an asset commences when the asset is ready for its use as intended by management.
Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where appropriate, the term of the relevant lease, and are recognised in the statement of financial performance.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Impairments
The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), its written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.7 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the group; and
- the cost or fair value of the asset can be measured reliably.

The group assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Subsequent Measurement
Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the statement of financial performance under expenses consistent with the function of the intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. Amortisation shall commence when the asset is available for the intended use.
Amortisation of the asset begins when the development is complete and the asset is available for use.
The amortisation period, the amortisation method and the residual value for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. The residual value of intangible assets is estimated to be nil.

Impairments
The group tests intangible assets with finite useful lives for impairment where there is an indication that an asset maybe impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. W here the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. The group does not hold any intangibles with indefinite useful lives,

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any , and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.8 Heritage assets

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an group's operations that is shown as a single item for the purpose of disclosure in the consolidated annual financial statements.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition
The group recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the group, and the cost or fair value of the asset can be measured reliably.

Initial measurement
Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement
After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

Impairment
The group assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the group estimates the recoverable amount or the recoverable service amount of the heritage asset.
Derecognition
The group derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.9 Investments in controlled entities

Group consolidated annual financial statements
Subsidiaries are all controlled entities over which the municipality has ownership control or effective control to govern the financial and operating policies of such control entities so as to benefit form its activities.
Controlled entities are fully consolidated from the date on which control is transferred to the Municipality, and are carried at cost. Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.
The municipality commences accounting for an investment in a subsidiary from the date that control exists and discontinues the application when it no longer has control over the subsidiary.

Municipality consolidated annual financial statements
In the municipality's separate consolidated annual financial statements, investments in controlled entities are carried at cost less any accumulated impairment.

Accounting Policies

1.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment. A concessionary loan is a loan granted to or received by municipality on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life
of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
- receive cash or another financial asset from another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Accounting Policies

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification
The group has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Non current receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost

The group has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade payables	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost
Interest bearing borrowings: DBSA	Financial liability measured at amortised cost

Initial recognition
The group recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The group recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities.
The group measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the group calibrates the
valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification
The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Accounting Policies

Offsetting

The municipality does not offset a financial asset and a financial liability unless a legally enforceable rights to set off the recognised amounts ,currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Receivables
Receivables are classified as financial assets at amortised cost less provision for impairment. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year end.
Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments(more than 30days overdue) are considered indicators that the receivables is impaired. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the approval of the necessary delegated authority. Impairments are determined by discounting expected future cash flows to their present value. Amounts receivable within 12 months from the date of reporting are classified as current. An impairment of receivables is accounted for by reducing the carrying amount of receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a receivable is uncollectible, it is written off.
Subsequent recoveries of amounts previously written off are credited in the Statement of Financial Performance. Interest is charged on overdue amounts.

Derecognition
Financial assets

The municipality derecognises financial assets using trade date accounting. The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Accounting Policies

Financial liabilities
The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation
Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

Policies relating to specific financial instruments

Investment at amortised cost
Investments, which include [listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks] are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Investment at cost
Investment at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

Cash and cash equivalents
Cash and cash equivalents are measured at amortised cost.
Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables
Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.
Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables
Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method

Borrowings and other financial liabilities
Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method. Long term borrowings are non-derivative financial loans and the municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects.

Loans and Receivables
Loans and Receivables are measured initially and subsequently at amortised cost any difference between the proceeds (net of transaction cost) and redemption value is recognised in the statement of financial performance. Loans and Receivables are
non-derivative financial assets with fixed or determined payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

1.11 VAT

The municipality accounts for value added tax on the payments basis.

Accounting Policies

1.12 Leases

Finance leases -municipality as a lessee

Recognition
Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality through the lease agreement. Assets subject to finance to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement
at inception date: namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement
Assets subject to a finance lease, as recognised in the statement of financial position, are measured (at initial recognition)
at the lower of the fair value of the assets and the present value of the of the future minimum lease payments.
The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight - line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance
(operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight -line lease payments and the contractual lease payments.
Derecognition
The finance lease liabilities are derecognised when the municipality's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the municipality no longer expects any economic benefits or
service potential to flow from the asset.

The operating lease liability is derecognised when the municipality's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the municipality no longer anticipates economic benefits to flow from the asset.
Subsequent measurement
Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases - municipality as a lessor
Income for leases is disclosed under revenue in statement of financial performance.
Recognition
For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable
is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains , a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.
Measurement
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments) The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Derecognition
Operating lease liabilities are derecognised when the municipality's obligation to provide economic benefits or service potential under the lease agreement expires . Operating lease assets are derecognised when the municipality's right to the underlying cash flows expires or the municipality no longer expects economic benefits to flow from the operating lease asset.

Operating leases - municipality as a lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. The liability or asset is not discounted. Any contingent rents are expensed in the period they are incurred.

Accounting Policies

1.13 Inventories

Subsequent measurement
Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.
The basis of determining cost is the first-in-first-out (FIFO) method.
Redundant and slow-moving inventories are identified and written down from cost to net realisable value. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Housing development inventory is measured at cost on the first-in, first-out basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs. The carrying amount of these inventories held for distribution is recognised as an expense when beneficiaries take occupation of the houses.
Housing development funding received is recognised as revenue and expenditure on the Statement of Financial Performance to the extent that the Municipality has complied with any of the criteria, obligations or conditions of the grant.

The cost of water purchased and own water not yet sold in the Statement of financial position comprises the purchase price, import duties, and other taxes and transport, handling and other costs attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase. The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the water reticulation
network capacity at year end.

Derecognition
The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.14 Impairment of cash-generating assets

The group classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash generating assets.

The group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable service amount of the asset in order to determine the extent of the impairment loss (if any).

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.
If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalue asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit
as follows:
- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

Accounting Policies

Identification
When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired. The group assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.
Irrespective of whether there is any indication of impairment, the group also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.
This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use
Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life. When estimating the value in use of an asset, the group estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the group applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows
In measuring value in use the group:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows Estimates of future cash flows include:
- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the group expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate
The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)
If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the group recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units
If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the group determines the recoverable amount of the cash generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, the group use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:
- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

Accounting Policies

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that noncash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss
The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation
The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the group with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets. Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Accounting Policies

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

(a) the period of time over which an asset is expected to be used by the group; or
(b) the number of production or similar units expected to be obtained from the asset by the group.

Identification
When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The group assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the group estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use
Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach
The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the group would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement
If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the group recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss
The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the group estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.16 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an group after deducting all of its liabilities.

1.17 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The group measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The group recognises the expected cost of bonus, incentive and performance related payments when the group has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the group has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi-employer plans

The group classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the group accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the group accounts for the plan as if it was a defined contribution plan.

Accounting Policies

Post-employment benefits: Defined contribution plans
Defined contribution plans are post-employment benefit plans under which an group pays fixed contributions into a separate (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the group during a reporting period, the group recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an group recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Post-employment benefits : Defined benefits plans
Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement. Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.
Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The group accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the groups' informal practices. Informal practices give rise to a constructive obligation where the group has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the group's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The group determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the consolidated annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The group recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- Interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The group uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Accounting Policies

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The group offsets an asset relating to one plan against a liability relating to another plan when the group has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions
Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations
The group provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The group also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The group shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Medical Aid: Continued Members
The group provides post retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the group is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such a medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the group for the remaining 70%. Assumption about the medical costs take into account estimated future changes in cost medical services, resulting from both inflation and specific changes in medical costs.
Actuaries are used to determine the obligation on an annual basis. The actuarial gain or loss is recognised in surplus or deficit.

Other Long Term Employee Benefits
The group provides long-term incentives to eligible employees, payable on completion of years of employment. The group's liability is based on an actuarial valuation. The Projected Unit Credit Method has been used to value the obligation. Actuarial gains and losses on long term incentives are accounted for in surplus of deficit. The group offers employees long service awards for every five years of services completed, from five years of service to 45 years of service, inclusive.

Accounting Policies

1.18 Provisions and contingencies

Provisions are recognised when:
- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed unless the possibilities of outflow resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

1.19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the group receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement
Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods
Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the group has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services
Service income is recognised on an invoice basis. Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. The adjustments are recognised as revenue in the invoicing period. Revenue arising from consumption of water and sanitation in the month of June is fully accounted for whether invoiced or not. Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered. Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from the council and are levied monthly. Revenue arising from fire services is based on set basic tariffs

Interest, rentals and agency services
Interest are recognised in the Statement of Financial Performance on a time proportionate basis, which takes into account the effective yield on the investment.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Accounting Policies

1.20 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the group received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the group. Where public contributions have been received but the group has not met the related conditions, a liability is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the group.

Grants transferred and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is probable.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Recognition
An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the group satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement
Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the group.

When, as a result of a non-exchange transaction, the group recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Grants, transfers and donations
Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria, conditions and obligations embodied in the agreement. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional and funds are invested until utilised. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the group's interest, it is recognised as interest earned in the Statement of Financial Performance.

Gifts and donations, including goods in-kind
Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the group and the fair value of the assets can be measured reliably.

1.21 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.22 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.23 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.24 Translation of foreign currencies

Foreign currency transactions
Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transactions. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed. Transaction in foreign currency are accounted for at the exchange ruling on the date of transaction.

Gains and losses arising on the translation are dealt with in the Statement of Financial Performance in the year in which they occur.

Accounting Policies

1.25 Surplus/deficit

Gains and Losses
Gains and losses arising from fair value adjustments on investments and loans, and from the disposal of assets, are presented separately from other revenue in the Statement of Financial Performance, income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in the net assets is especially allowed by a Standard of GRAP.

1.26 Comparative figures

Current year comparatives (budget)
Budget information in accordance with GRAP 1 and 24, has been provided as separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanations and comments to material differences are provided in the notes to the annual financial statements. In addition a note has been added to the annual financial statements, for the current financial year only. The annual budget figures included in the annual financial statements are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP). The approved budget covers the fiscal period form 01/07/2015 to 30/06/2016. The consolidated annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of budget and actual amounts. Comparative information is not required.

Prior year comparatives
When the presentation or classification of items in the consolidated annual financial statements is amended, prior period comparative amounts are reclassified and restated. The nature and reason for the reclassification and restatement are disclosed in the Notes to the Consolidated Annual Financial Statements. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. The presentation and classification of items in the current year is consistent with prior periods.

1.27 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, group or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003) Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.29 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003) the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of group's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 Use of estimates

The preparation of consolidated annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated annual financial statements are disclosed in the relevant sections of the consolidated annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.31 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.32 Conditional grants and receipts

Government grants and other grants are recognised as revenue when:
(a) it is probable that the economic benefits or service potential associated with the transaction will flow to the group,
(b) the amount of the revenue can be measured reliably, and
(c) to the extent that there has been compliance with any restrictions associated with the grant income received from conditional grants, donations and subsidies are recognised to the extent that the group has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds invested until it is utilised. Interest earned on the investment is treated in accordance with the grant conditions. If it is payable to the funder it is recorded as part of the creditor.
Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

Accounting Policies

1.33 Related parties

The group has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party or vice versa, or an entity that is subject to common control, or jointly control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the group any one or more related parties, and those transactions were not within:

- normal supplier and/ or client/ recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the group to have adopted if dealing with that individual group or persons in the same circumstances and:
- terms and conditions within the normal operating parameters established by the reporting group's legal mandate;

Further details about those transactions are disclosed in the notes to the financial statements.

The group has a related party relationship with its subsidiary Amathole Economic Development Agency (SOC) Limited t/a ASPIRE. Subsidiaries are entities controlled by the group. The existence and effect of potential voting rights that are currently exercisable are convertible without restriction are considered when assessing whether the group controls the other entity. Subsidiaries are consolidated from the date that effective control is transferred to the group and are no longer consolidated from the date the effective control ceases. Related party transactions are conducted on arms length basis with terms comparable to transactions with third parties.

Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee Members, Municipal Manager and Executive Directors.

1.34 Commitments

A commitment is the group's intention to commit to an outflow of its resources embodying economic benefits. The group is committed under obligations for goods and services, which have been contracted for on or before the reporting date, but not yet received or completed at year end. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Approved and contracted commitments represent expenditure that has been approved and the contract has been awarded at the reporting date.

1.35 Post balance sheet events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). The group will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The group will disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following standard.

- GRAP 17 - Property ,plant and equipment - Land and Buildings The municipality initially adopted the revaluation model for land and buildings within Property ,plant and equipment. This model requires that revaluations are to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. The fair value of land and buildings is determined from market -based evidence by an appraisal. An appraisal of the value of land and buildings is undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualification. In order to reduce costs and simplify the accounting for land and buildings ,the municipality is applying Directive 11 to change its accounting policy to the cost model.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2015 is as follows:

Statement of financial position				
Property, plant and equipment				
Decrease in Property, plant and equipment: Land	-	(12 691 557)	-	(12 691 557)
Increase in Property, plant and equipment : Buildings	-	2 000 373	-	2 000 373
	-	(10 691 184)	-	(10 691 184)
Accumulated depreciation				
Decrease in Accumulated depreciation : Buildings	-	2 101 503	-	2 101 503
Revaluation Reserve				
Decrease in Revaluation reserve	-	37 816 513	-	37 816 513
Accumulated surplus				
Increase in Accumulated surplus	-	(29 226 831)	-	(29 226 831)

3. New standards and Interpretations

3.1 Standards and Interpretations issued, but not yet effective

The group has not applied the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 July 2016 or later periods

Standard / Interpretation :	Effective date : Years beginning on or after	Expected impact :
GRAP 18 : Segment Reporting	01 April 2016	No effective date has been determined by the Minister of Finance. The Standard requires the identification and aggregation of the municipality into reportable segments. For each of the reportable segments. For each of the reportable segments identified details of the financial performance will be disclosed. The precise impact of this on the financial statements of the municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting he underlying accounting.
GRAP 20 : Related parties	01 April 2016	The municipality has based its accounting policy on this standard, hence it is unlikely that the standard will have a material impact on the annual financial statements.
GRAP 32: Service Concession Arrangements: Grantor	01 April 2016	No effective date has been determined by the Minister of Finance.
GRAP 108: Statutory Receivables	01 April 2016	No effective date has been determined by the Minister of Finance
IGRAP 17 : Service Concession Arrangement where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	No effective date has been determined by the Minister of Finance.

4. Investment property

Group	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	155 548 048	(577 616)	154 970 432	147 938 048	(213 333)	147 724 715

Municipality	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	155 548 048	(577 616)	154 970 432	147 938 048	(213 333)	147 724 715

Reconciliation of Investment property - Group 2016

	Opening balance	Transfers received	Depreciation	Total
Investment property	147 724 715	7 610 000	(364 283)	154 970 432

Reconciliation of Investment property - Group 2015

	Opening balance	Transfers received	Depreciation	Total
Investment property	143 651 976	4 143 572	(70 833)	147 724 715

Reconciliation of Investment property - Municipality 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

	Opening balance	Transfers received	Depreciation	Total
Investment property	147 724 715	7 610 000	(364 283)	154 970 432

Reconciliation of investment property - Municipality 2015

	Opening balance	Transfers received	Depreciation	Total
Investment property	143 651 976	4 143 572	(70 833)	147 724 715

Pledged as security
There were no properties pledged as security:

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.
The comparative figure was restated. Refer to **Note 47**

Details of valuation
Investment property carried at cost:
The municipality applies the cost model to recognise its investment properties
Market valuations were performed by an independent valuer, Mrs. Penelope Jean Lindstrom, Board Member of South African Institute of Valuers and currently chairperson. Messrs Penelope Jean Lindstrom Valuations CC are not connected to the Municipality and have recent experience in location and category of the investment property being valued. Effective date of valuation June 2015.

The fair value of the investment property was determined based on current prices in an active market for similar property in the same location and condition. Although these investment properties, not all properties have leases attached to these properties, ownership of these properties was confirmed in the current financial year.

The carrying amount of the investment property if carried under the fair value model:	92 955 487	92 860 000	92 955 487	92 860 000
Rental income from investment property	253 923	171 936	253 923	171 936

Refer to **Note for 44 lease commitments**

5. Property, plant and equipment

Group	2016			2015 Restated		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	5 325 092	-	5 325 092	5 950 092	-	5 950 092
Buildings	18 743 338	(5 781 686)	12 961 652	27 027 698	(5 781 686)	21 246 012
Infrastructure	4 940 176 648	(590 416 674)	4 349 759 974	4 531 803 019	(584 236 003)	3 947 567 016
Community	59 830 904	(4 579 181)	55 251 723	61 968 711	(4 579 181)	57 389 530
Finance leased assets	4 316 464	(1 026 445)	3 290 019	1 583 794	(1 026 445)	557 349
Other assets	180 481 775	(76 760 764)	103 721 011	159 613 830	(63 195 413)	96 418 417
Total	**5 208 874 221**	**(678 564 750)**	**4 530 309 471**	**4 787 947 144**	**(658 818 728)**	**4 129 128 416**

Property, plant and equipment

Municipality	2016			2015		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	5 325 092	-	5 325 092	5 950 092	-	5 950 092
Buildings	18 743 338	(5 781 686)	12 961 652	27 027 698	(5 781 686)	21 246 012
Infrastructure	4 940 176 648	(590 416 674)	4 349 759 974	4 531 803 019	(584 236 003)	3 947 567 016
Community	59 830 904	(4 579 181)	55 251 723	61 968 711	(4 579 181)	57 389 530
Finance leased assets	4 316 464	(1 026 445)	3 290 019	1 583 794	(1 026 445)	557 349
Other assets	179 356 674	(75 993 644)	103 363 030	158 621 925	(62 596 589)	96 025 336
	5 207 749 120	**(677 797 630)**	**4 529 951 490**	**4 786 955 239**	**(658 219 904)**	**4 128 735 335**

Reconciliation of property, plant and equipment - Group 2016

	Opening balance	Additions	Disposal	Transfers	Under constructions: WIP	Depreciation	Total
Land	5 950 092	-	-	(625 000)	-	-	5 325 092
Buildings	21 246 012	-	-	(6 985 000)	-	(722 050)	13 538 962
Infrastructure	3 947 567 011	114 901 198	(40 844 513)	115 441 920	517 570 286	(78 156 854)	4 576 479 048
Community	57 389 535	-	-	-	-	(2 137 807)	55 251 728
Finance leased assets	557 349	5 124 372	-	-	-	(2 391 702)	3 290 019
Other assets	96 418 417	33 434 793	(6 491 902)	-	-	(16 052 846)	107 308 462
	4 129 128 416	**153 460 363**	**(47 336 415)**	**107 831 920**	**517 570 286**	**(99 461 259)**	**4 761 193 311**

Reconciliation of property, plant and equipment - Group 2015

	Opening balance	Additions	Disposal	Transfers	Under constructions: WIP	Depreciation	Total
Land	8 018 492	-	-	(2 068 400)	-	-	5 950 092
Buildings	26 928 659	-	-	(4 554 392)	-	(1 128 255)	21 246 012
Infrastructure	3 314 546 978	11 442 572	(3 295 738)	(293 370 483)	991 062 117	(72 818 435)	3 947 567 011
Community	58 973 859	857 896	-	(336 000)	-	(2 106 220)	57 389 535

Notes to the Consolidated Annual Financial Statements

				Group		Municipality	
				2016	2015 Restated	2016	2015 Restated
				R	R	R	R
Finance leased assets	1 164 381	-	-	-	-	(607 032)	557 349
Other assets	101 220 898	12 691 503	(2 718 647)	-	-	(14 774 887)	96 418 867
	3 510 853 267	24 991 971	(6 014 385)	(300 329 275)	991 062 117	(91 434 829)	4 129 128 866

Reconciliation of property, plant and equipment - Municipality 2016

	Opening balance	Additions	Disposal	Transfers	WIP under construction	Depreciation	Total
Land	5 950 092	-	-	(625 000)	-	-	5 325 092
Buildings	21 246 012	-	-	(6 985 000)	-	(722 050)	13 538 962
Infrastructure	3 947 567 011	114 901 198	(40 844 513)	115 441 920	517 570 286	(78 156 854)	4 576 479 048
Community	57 389 535	-	-	-	-	(2 137 807)	55 251 728
Finance leased assets	557 349	5 124 372	-	-	-	(2 391 702)	3 290 019
Other assets	96 025 336	33 293 396	(6 487 258)	-	-	(15 880 993)	106 950 481
	4 128 735 335	153 318 966	(47 331 771)	107 831 920	517 570 286	(99 289 406)	4 760 835 330

Reconciliation of property, plant and equipment - Municipality 2015

	Opening balance	Additions	Disposal	Transfers	WIP under construction	Depreciation	Total
Land	8 018 492	-	-	(2 068 400)	-	-	5 950 092
Buildings	26 928 659	-	-	(4 554 392)	-	(1 128 255)	21 246 012
Infrastructure	3 314 546 978	11 442 572	(3 295 738)	(293 370 483)	991 062 117	(72 818 435)	3 947 567 011
Community	58 973 859	857 896	-	(336 000)	-	(2 106 220)	57 389 535
Finance leased assets	1 164 381	-	-	-	-	(607 032)	557 349
Other assets	100 878 765	12 485 099	(2 705 591)	-	-	(14 632 937)	96 025 336
	3 510 511 134	24 785 567	(6 001 329)	(300 329 275)	991 062 117	(91 292 879)	4 128 735 335

Pledged as security

Carrying value of assets as security in the year under review

During the asset verification a group of assets within the asset register could not be physically verified. The carrying amount of these assets amounts to R5 474 966. The municipality has embarked on an investigation process before the assets are written off. Thus the asset register has not been adjusted by the possible asset loss until the investigation has been finalised.

Comparative figures have been restated: Refer Note 47

Capitalised expenditure (excluding borrowing costs)

Land and Buildings	-	575 933	-	575 933
Infrastructure	517 717 057	991 062 117	517 717 057	991 062 117
Finance leased assets	5 124 372	-	5 124 372	-
Other assets	33 434 793	12 691 503	33 293 396	12 485 099
	556 276 222	1 004 329 553	556 134 825	1 004 123 149

Compensation received for losses on property, plant and equipment - included in operating surplus

Motor vehicles	1 000 814	707 616	1 000 814	707 616
Office equipment	79 117	105 877	79 117	105 877
Other property , plant and equipment	38 489	-	31 164	-
	1 118 420	813 493	1 111 095	813 493

Assets subject to finance lease (Net carrying amount)

Other information

Property , plant and equipment fully depreciated and still in use (Gross carrying amount)

Infrastructure	105 155 924	1 124 114	105 155 924	1 124 114
Other assets	314 039	33 508 624	-	33 269 559
	105 469 963	34 632 738	105 155 924	34 393 673

Reconciliation of work - in - Progress Group - 2016

	Included within Infrastructure	Total
Opening balance	1 770 911 679	1 770 911 679
Additions/capital expenditure	517 585 188	517 585 188
Transferred to completed items	(114 754 427)	(114 754 427)
Transfer out	(687 492)	(687 492)
Disposals	(40 844 513)	
	2 132 210 435	2 173 054 948

Reconciliation of work - in - Progress Group - 2015

	Included within Infrastructure	Total
Opening balance	1 073 220 045	1 073 220 045
Additions/capital expenditure	991 062 117	991 062 117
Transferred to completed items	(293 370 483)	(293 370 483)
	1 770 911 679	1 770 911 679

Reconciliation of work - in - Progress Municipality - 2016

	Included within Infrastructure	Total
Opening balance	1 770 911 679	1 770 911 679
Additions/capital expenditure	517 585 188	517 585 188
Transferred to completed items	(114 754 427)	(114 754 427)
Transfer out	(687 492)	(687 492)
Disposals	(40 844 513)	
	2 132 210 435	2 173 054 948

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

Reconciliation of work - in - Progress Municipality - 2015

	Included within infrastructure	Total
Opening balance	1 073 220 045	1 073 220 045
Additions/capital expenditure	991 062 117	991 062 117
Transferred to completed items	(293 370 483)	(293 370 483)
	1 770 911 679	1 770 911 679

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the register.

6. Intangible assets

Group

	2016			2015		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer Licences	23 349 588	(2 852 830)	20 496 758	8 233 560	(2 472 099)	5 761 461
Computer software	271 672	(261 539)	10 133	271 672	(249 494)	22 178
	23 621 260	(3 114 369)	20 506 891	8 505 232	(2 721 593)	5 783 639

Intangible assets
Municipality

	2016			2015		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, licences	23 349 588	(2 852 830)	20 496 758	8 233 560	(2 472 099)	5 761 461

Reconciliation of intangible assets - Group 2016

	Opening balance	Additions- WIP	Amortisation	Total
Computer software, licences	5 783 639	15 116 028	(392 776)	20 506 891

Reconciliation of intangible assets - Group 2015

	Opening balance	Additions	Amortisation	Total
Computer software, licences	1 182 223	5 015 945	(414 529)	5 783 639

Reconciliation of intangible assets - Municipality 2016

	Opening balance	Additions- WIP	Amortisation	Total
Computer software, licences	5 761 461	15 116 028	(380 731)	20 496 758

Reconciliation of intangible assets - Municipality 2015

	Opening balance	Additions	Amortisation	Total
Computer software, licences	1 142 192	5 000 000	(380 731)	5 761 461

Pledged as security
Carrying value of intangible assets is not pledged as security

Restricted title
Carrying value o intangible assets whole title is not restricted.

Other information

Fully amortised intangible assets still in use	2 315 301	2 315 301	2 091 972	2 091 972

The amortisation expense has been included in the line depreciation on the Statement of Financial Performance. A useful life of 3 years has been used in the calculation of amortisation. Software was fully depreciated at year end although still in use by the entity.

7. Heritage assets

Group

	2016			2015		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Collections of historical implements	400 000	-	400 000	400 000	-	400 000

Municipality

	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Collections of historical implements	400 000	-	400 000	400 000	-	400 000

Reconciliation of heritage assets - Group 2016

	Opening balance	Total
Collections of historical implements	400 000	400 000

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

Reconciliation of heritage assets - Group 2015

	Opening balance	Total
Collections of historical implements	400 000	400 000

Reconciliation of heritage assets - Municipality 2016

	Opening balance	Total
Collections of historical implements	400 000	400 000

Reconciliation of heritage assets -Municipality 2015

	Opening balance	Total
Collections of historical implements	400 000	400 000

Pledged as security
Carrying value of heritage assets is not pledged as security

Method and assumption used
Valuations were performed by independent valuer , Mrs Penelope Jean Lindstrom [Board Member of South African Institute of Valuer], and currently the chairman.

Messrs Penny Lindstrom Valuations CC are not connected to the municipality and have recent experience in location and category of asset being valued.

8. Investment in controlled entities

Name of Company	Held by	% holding 2016	% holding 2015	Carrying amount 2016	Carrying amount 2015
Amathole Economic Development Agency (SOC) Limited t/a ASPIRE	ADM	100%	100%	1 000	1 000

Investment in Municipal entity

Amathole Economic Development Agency (SOC) Limited t/a ASPIRE
Issued share capital (1000 ordinary shares of R1,00 each)
100% owned by ADM council

The Amathole Economic Development Agency was established 1 September 2005
Place of Incorporation : South Africa
Principal activity: To promote local economic development in the Amathole Municipal District Area
The municipal transfers funds to the entity for operating purposes. Refer **Note 46** for related party transaction
poor financial position that the entity finds itself in, certain initiative were undertaken to, among other things, identify the root causes of this situation. It is envisaged that the investigation shall be completed early in the next financial year. In addition a financial recovery plan was developed for the Board's consideration and implementation in the next financial year.

9. Non current receivables

Long term debtor - National Treasury (MIG)	-	127 320 150	-	127 320 150
National Treasury approved the pledging of the Municipal Infrastructure Grant (MIG) for the two outer years in order to fast track sanitation backlogs. It will be received over the next financial year.				
Long Term Receivables	1 712 595	1 539 546	1 712 595	1 539 546

Non-current receivables are financial assets which are categorized at amortised cost.
The fair values of the loans are estimated to approximate their carrying amounts

Loans to sports clubs in the District
The loans to the local municipalities represents loans to Winterstrand and Kei Road Sports Club. The loans currently attract interest at 4% per annum and are repayable in 40 instalments over 20 years.
The loans were fully settled during the current year.

Deposits
The deposits relate to the amounts paid when the municipality enters into the leases for buildings and utilities

	1 712 595	128 859 696	1 712 595	128 859 696
Non current receivables				
Deposits	1 712 595	1 539 546	1 712 595	1 539 546
Loans to sports clubs in the District	-	1 792	-	1 792
Long term debtor - National Treasury (MIG)	-	286 320 150	-	286 320 150
Subtotal	1 712 595	287 861 488	1 712 595	287 861 488
Less: Current portion transferred to current receivables	-	(159 001 792)	-	(159 001 792)
	1 712 595	128 859 696	1 712 595	128 859 696
Long term debtor - National Treasury (MIG)				
Current assets	125 597 660	159 000 000	125 597 660	159 000 000
Non current assets	-	127 320 150	-	127 320 150
	125 597 660	286 320 150	125 597 660	286 320 150

10. Operating Lease Asset / (Accrual)

Non-Current Liabilities	(2 865 513)	(1 851 816)	(2 844 286)	(1 788 161)
	(2 865 513)	(1 851 816)	(2 844 286)	(1 788 161)

Operating Lease income and expenditure have been recognized on a straight line basis over the lease term.
The effect of accounting for operating leases on the straight line basis had the above effect.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
11. Employee benefit obligation				
Defined contribution plan				
Provision for post employment health care benefits	218 036 332	195 444 834	218 036 332	195 444 834
Provision of ex-gratia benefits	106 860	113 772	106 860	113 772
Provision for long service benefits	21 044 409	18 071 299	21 044 409	18 071 299
	239 187 601	213 629 905	239 187 601	213 629 905
Statement of Financial Performance				
Current service cost	24 190 314	21 899 487	24 190 314	21 899 487
Interest cost	19 473 144	17 437 189	19 473 144	17 437 189
Actuarial gain recognised	15 895 458	15 274 468	15 895 458	15 274 468
Actuarial loss recognised	(9 992)	(1 691 881)	(9 992)	(1 691 881)
	59 548 924	52 919 263	59 548 924	52 919 263
Post retirement medical aid plan				
The Post Employment Health Care plan, of which members are made up as follows				
In service (employee) members	1 399	1 354	1 399	1 354
Continuation (retiree, widow/er and orphan) members	332	395	332	395
In service (employee) non- members	78	82	78	82
	1 809	1 831	1 809	1 831
The unfunded liability in respect of past services has been estimated to be as follows:				
In service (employee) members	162 536 347	142 122 822	162 536 347	142 122 822
Continuation (retiree, widow/er and orphan) members	25 953 858	25 871 814	25 953 858	25 871 814
In service (employee) non- members	29 546 126	27 450 198	29 546 126	27 450 198
	218 036 331	195 444 834	218 036 331	195 444 834
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:				
Bonita's				
Hosmed				
Key health				
LA health				
Discovery				
Samwumed				
Gems				
On retirement of an employee council has post retirement obligation to contribute 70% to the medical cost of the employee				
Reconciliation of assets and liabilities recognised in the balance sheet				
Present value of fund obligations				
Fair value on plan assets				
Present value of unfunded obligations	218 036 331	195 444 834	218 036 331	195 444 834
Present value of obligations in excess of plan assets				
Unrecognised past service cost	218 036 331	195 444 834	218 036 331	195 444 834
Unrecognised actuarial (gains)/losses	-	-	-	-
Unrecognised transitional liability	-	-	-	-
Net liability in Balance Sheet	218 036 331	195 444 834	218 036 331	195 444 834
The municipality has elected to recognise the full increase in this defined benefit liability immediately.				
Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year	195 444 834	177 172 143	195 444 834	177 172 143
Current service costs	20 336 679	18 758 177	20 336 679	18 758 177
Expected benefits paid	(1 450 184)	(1 608 191)	(1 450 184)	(1 608 191)
Interest cost	17 905 931	16 375 268	17 905 931	16 375 268
Past service costs	-	-	-	-
Actuarial gain /losses	(14 200 928)	(15 252 564)	(14 200 928)	(15 252 564)
Contributions	-	-	-	-
Present value of fund obligation at the end of the year	218 036 332	195 444 833	218 036 332	195 444 833
Total unfunded liability				
	R millions	R millions	R millions	R millions
In service (employee) members	162 536	142 123	162 536	142 123
Continuation (retiree, widow/er and orphan) members	25 954	25 872	25 954	25 872
In service (employee) non- members	29 546	27 450	29 546	27 450
All eligible individuals	218 036	195 445	218 036	195 445
Average liability per individual				
In service members	116 180	104 965	116 180	104 965
Continuation members	78 174	65 498	78 174	65 498
In service non- members	378 796	334 759	378 796	334 759
All eligible individuals	120 529	106 742	120 529	106 742

Reason for the movement in Liability

The total liability has increased by 12% (or R22,591 million) since the last valuation. A numerical analysis of the unexpected

movement)actuarial gain/loss) is provided in the next section. The main reasons for the actual movement in the liability are disclosed on the next page.

Eligible employees

The **average in-service member liability** has increased by 11% since the last valuation due to the following factors :

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

- an increase in the average age which means members are closer to retirement (less discounting) and less likely to leave before retirement:
- an increase in the average past service : and
- an increase in the average future employer contribution.

These impacts have been offset by :

- an increase in the net discount rate.

The **total in-service member liability** has increased by 14% due to the above, combined with the increase in the number of members.

The **average in-service non-member liability** has increased by 19% since the last valuation due to similar reasons to those described above for in-service members.

The **total in-service non-member liability** has increased marginally due to the above. It is offset by decreases in the number of non-members

Continuation Members

The **average continuation member liability** has increased by less than 13% due to the following factors:

An increase in the average employer contribution, a decrease in the average age and an increase in the portion of members with spouses receiving subsidy.
The **total continuation liability has increased** by 8% due to the above. It is partially offset by a decrease in the number of members

Analysis of the unexpected movement in the Liability:
The table below analysis the extent of unexpected decreases or increases in the liability over the valuation period
These unexpected movements (otherwise termed Actuarial Gains and Losses) are separated into four main components;
the effect of the change in the basis (assumption), unexpected increases in the contribution rates and unpredicted movements
in the membership profile.

Actuarial Gains and Losses				
Actuarial (gain)/loss for the period	(14 200 928)	(15 252 564)	(14 200 928)	(15 252 564)
Contributions to actuarial loss	-	-	-	-
Basis changes: in net discount rate	(3 414 942)	(1 624 701)	(3 414 942)	(1 624 701)
Contributions increases higher than assumed	(5 427 191)	898 948	(5 427 191)	898 948
Changes to membership profile different from assumed	(4 247 279)	(13 652 164)	(4 247 279)	(13 652 164)
Actual benefits vesting, lower than expected	(1 111 516)	(874 645)	(1 111 516)	(874 645)
Net liability in the Statement of Financial Position				
Opening balance	195 444 834	177 172 143	195 444 834	177 172 143
Current service cost	20 336 679	18 758 177	20 336 679	18 758 177
Interest cost	17 905 931	16 375 268	17 905 931	16 375 268
Expected return on plan assets	-	-	-	-
Transitional liability recognised	-	-	-	-
Actuarial (gain)/losses	(14 200 928)	(15 252 564)	(14 200 928)	(15 252 564)
Past service cost	-	-	-	-
Net periodic cost recognised in surplus and deficit	24 041 682	19 880 881	24 041 682	19 880 881
Expected employee benefit payments	(1 450 184)	(1 608 191)	(1 450 184)	(1 608 191)
Transitional liability recognised outside surplus and deficit	-	-	-	-
Closing balance	218 036 332	195 444 833	218 036 332	195 444 833
Current portion of liability (due in next 12 months)	2 623 692	2 561 700	2 623 692	2 561 700
Non- current portion of liability	215 412 639	192 883 134	215 412 639	192 883 134
Closing balance	218 036 331	195 444 834	218 036 331	195 444 834
Reconciliation of affair value of plans assets	-	-	-	-
Fair value of plan assets at the beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Contributions: Employer	-	-	-	-
Contributions: Employee	-	-	-	-
Benefits paid	-	-	-	-
Closing balance	-	-	-	-
Trend information	2016	2015	2014	2013
Present value of obligation	218 036 332	195 444 834	177 172 143	139 627 863
Fair value of plan assets	-	-	-	-
	218 038 348	195 446 849	177 174 157	139 629 876
Expected adjustments				
Actuarial gain (loss) before changes in assumptions	-	-	-	-
In respect of present value of obligations	10 786 000	15 252 564	10 786 000	15 252 564
In respect of fair value of plan assets	-	-	-	-
	10 786 000	15 252 564	10 786 000	15 252 564

Sensitivity results
The liability at the Valuation Date was recalculated to show the effect of :
(i) A 1% increase and decrease in the assumed rate of health care cost inflation;
(ii) A 1% increase and decrease in the discount rate ;
(iii) A one - year age reduction in the assumed rates of post - retirement mortality ;
(iv) A one - year decrease in the assumed average retirement age ; and
(v) A 10% decrease in the assumed proportion of in-service members that continue to receive the subsidy after retirement.

Sensitivity analysis on the accrued liability

Assumption	Change	In- service	Continuation	Total	Percentage change
Central Assumptions		188.490	29.546	218.036	
Health care inflation	+1%	204.962	30.804	235.766	8%
	-1%	166.596	28.047	194.643	-11%

Notes to the Consolidated Annual Financial Statements

		Group		Municipality	
		2016	2015 Restated	2016	2015 Restated
		R	R	R	R
Discount Rate	+1%	157,367	27.302	184.669	-15%
	-1%	228.897	32.149	261.045	20%
Post-retirement mortality	-1 yr	193.470	30.760	224.230	3%
Average retirement age	-1yr	206.453	29.546	235.999	8%
Continuation of membership at retirement	-10%	166.485	29.546	196.031	-10%

The post mortality adjustment assumes that someone aged 70 will experience the mortality of someone aged 69. The liability is expected to increase under this scenario because members are expected to live longer.

The table above indicates, for example, that if medical inflation is 1% greater that the long-term assumption made, the liability will be 8% higher than that shown.

Sensitivity analysis on the current-service and interest cost for the year ending

Assumption	Change	Current - Service Cost	Interest Cost	Total	% change
Central Assumptions		20,336,770	17,905,900	38,242,600	
Health care inflation	+1%	22,552,700	19,667,700	42,230,400	10%
	-1%	17,312,600	15,737,700	33,050,300	-14%
Discount Rate	+1%	16,451,800	16,795,600	33,247,400	-13%
	-1%	25,504,300	19,133,900	44,638,200	17%
Post-retirement mortality	-1 yr	20,870,500	18,449,200	39,319,700	3%
Average retirement age	-1yr	21,886,300	19,297,900	41,184,200	8%
Continuation of membership at retirement	-10%	17,925,600	16,077,000	34,002,600	-11%

Key Financial Assumptions

Assumption	Value p.a.	Value p.a.	Value p.a.	Value p.a.
Discount rate	9.61%	9.22%	9.61%	9.22%
Health care cost inflation rate	8.61%	8.22%	8.61%	8.22%
Net discount rate - health care cost inflation	0.92%	0.87%	0.92%	0.87%

The next contribution rate increase is assumed to occur at 1 January 2017.

Assumption	Value	Value	Value	Value
Average retirement age	59 for males ; 56 for females	59 for males ; 56 for females	59 for males ; 56 for females	59 for males ; 56 for females
Continuation of membership at retirement	95%	95%	95%	95%
Proportion assumed married at retirement	95%	95%	95%	95%
Proportion of eligible current non-member employees joining the scheme by retirement	50%	50%	50%	50%
Mortality during employment	SA 85-90	SA 85-90	SA 85-90	SA 85-90
Mortality post - retirement	PA (90) - 2	PA (90) - 2	PA (90) - 2	PA (90) - 2

Withdrawal from service (sample annual rates)	Age	2016 Females	2016 Males	2015 Females	2015 Males
	20	10%	15%	10%	15%
	30	10%	7%	10%	7%
	40	7%	4%	7%	4%
	50	3%	1%	3%	1%
	>55	0%	0%	1%	0%

Provision for retirement gratuity benefits

Employees of the Amathole District Municipality participated in the following benefit funds:
Cape Joint Pension Fund (defined contribution)
Eastern Cape Gratuity Fund (defined contribution)
Eastern Cape Municipal Pension Fund (defined contribution)
Cape Joint Retirement Fund (defined contribution)
National Fund for Municipal Workers (defined contribution)
South African Municipal Workers National Provident Fund (defined contribution)
Government Employees Pension Fund (defined benefit)
South African Local Authorities Pension Fund (defined contribution)

Multi - employer funds

The actuaries appointed to perform the valuation on the gratuity obligation were of the opinion that the Amathole District Municipality do not have an obligation for this post - employment benefits. Hence the liability is not recognised and disclosure was made to reflect information pertaining to multi-employer funds

The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of details.

Thus, some of the entities defined benefit plans are not treated as defined benefit plans as defined by GRAP 25, but are rather accounted for as defined contribution plans. These are listed under the defined contribution plan heading as a GRAP 25 Exception.

This is in line with the exemption in GRAP 25 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for a defined contribution plans.

The following table reflects information on the defined benefit retirement, pension and provident funds to which councillors and employees belong, and in respect of which there is not sufficient information available to make more detailed disclosures.

The Pension Funds Act requires every pension fund to complete a statutory valuation at least every three years .

Defined contribution (DC) Multi - employer plans

	Number of the Municipality's employees belonging to the plan	Amount of contributions paid by the Municipality for the year ending 30 June 2016	Number of the Municipality's employees belonging to the plan	Amount of contributions paid by the Municipality for the year ending 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
Cape Retirement Fund (CRF)	1 496	55 213 992	1 496	55 213 992
SAMWU National Provident Fund (SNPF)	137	4 018 548	137	4 018 548
National Fund for Municipal Workers	9	231 804	9	231 804
Cape Joint Pension Fund	10	124 740	10	124 740
Easter Cape Gratuity Fund	2	24 197	2	24 197
Easter Cape Municipality Pension Fund	2	62 913	2	62 913

Defined benefits (DB) Multi - employer plans

Sufficient information is not available in respect of these multi-employer BD plans to enable full DB accounting disclosure because :
- Plan assets are held as one portfolio and not notionally allocated to each participating employer
- Similarly, the plan's financial statements are not constructed separately for each participating employer, but rather in respect of the whole plan including all the participating employers.
- Contribution rates do not usually vary by participating employer . The table below reflects the municipality's contributions to these Defined Benefit (DB) plans for the year

Multi - employer plan

	Number of the Municipality's employees belonging to the plan	Total number of active members per the Plan's most recent valuation report	Amount of contributions paid by the Municipality for the year ending 30 June 2016	Date of most recently available actuarial valuation report	Funding level
GEPF	66	1 298 394	1 407 180	31-Mar-14	100%
SALA PF	3	16 997	81 180	01-Jul-15	100%

	Key Assumptions		
	Net pre-ret discount rate	Salary inflation	Net post - ret discount rate
	3,24%	7,90%	5,59%
	1,84%	8,75%	5,25%

Further information for each plan follows below:

GEPF (Government Employees Pension Fund)

The funding level of the GEPF remained at 100% as at the 31 March 2014 valuation date compared with the 100% funding level as at the 31 March 2012. The plan is holding reserves at 46.6% of what would be in line with the long-term funding level per the Board of Trustees adopted GEPF Funding Policy, compared with 5.9% as at 31 March 2012. This employer contribution rate remains at 16% in respect of the Services employee category and 13% in respect of the 'Others' employee category.

SALA PF (South Africa Authorities Pension Fund)
There is a defined contribution section in this Plan (27% of the active membership). The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2015 be maintained at 19.18%. This includes a margin of 1.65% compared with the contribution rate required to fund the Projected Unit Method future service benefits and associated costs. The valuation actuary suggested that the contribution reserve of R317.8 m set up at valuation date should remain if the valuation assumptions are borne out in practice, be sufficient to subsidise the shortfall.

Provision for ex - gratia benefits
Eligible employees

	Male	Total	Male	Total
Number of pensioners	5	5	5	5
Pension weighted average age	6701	6701	6701	6701
	90,3	90,3	90,3	90,3
Reconciliation of assets and liabilities recognised in the balance sheet				
Total value of liabilities	106 861	113 772	106 861	113 772
Value of assets	-	-	-	-
Unfunded accrued liability	106 861	113 772	106 861	113 772
Unfunded accrued liability	10 861	113 772	10 861	113 772
Unrecognised actuarial gain	-	-	-	-
Unrecognised past service cost	-	-	-	-
Net liability in the Statement of Financial Position	10 861	113 772	10 861	113 772
Total unfunded liability	106,861	113 772	106,861	113 772
Average liability per retiree	21 372	22 754	21 372	22 754

The **average liability** has decreased by 6% due to an increase in the average age and an increase in the discount rate.

The **total liability** has also decreased by 6 % (or R 6,911) since the last valuation due to the above and because the number of pensioners has remained the same.

Analysis of the unexpected movement in the liability

Actuarial gain for the period	9 992	(21 904)	9 992	(21 904)
Contributions to actuarial loss :	-	-	-	-
Basis changes : increase in net discount rate	(1 432)	893	(1 432)	893
Changes to membership profile different from assumed	21 122	(16 355)	21 122	(16 355)
Actual benefits vesting, lower than expected	(9 697)	(6 442)	(9 697)	(6 442)

Trend information

	2016	2015	2014
Present value of obligations	106 861	113 772	158 901
Fair value of plan assets	-	-	-
	106 861	113 772	158 901

Experience adjustments

	2016	2015	2014

Notes to the Consolidated Annual Financial Statements

	Group		Municipality		
	2016	2015 Restated	2016	2015 Restated	
	R	R	R	R	
Actuarial Gain / Loss before in Assumptions					
In respect of Present Value of Obligations			9 992	(22 797)	15 264
In respect of Fair Value of Plan Assets			-	-	-
			9 992	(22 797)	15 264
Present value of fund obligation at the beginning of the year	113 772	158 901	113 772	158 901	
Current service costs	-	-	-	-	
Interest Cost	6 905	10 279	6 905	10 279	
Actuarial (gain)/losses	9 992	(21 904)	9 992	(21 904)	
Expected benefit payments	(23 809)	(33 504)	(23 809)	(33 504)	
	106 860	113 772	106 860	113 772	
Reconciliation of fair value of plan assets:					
Fair value of plan assets at the beginning of the year					
Expected return on plan assets	-	-	-	-	
Contributions: Employee	-	-	-	-	
Past service costs	-	-	-	-	
Actuarial (gain)/losses	-	-	-	-	
Benefits paid	-	-	-	-	
Fair value of plan assets at the end of the year	-	-	-	-	
Current service costs and interest costs					
Total cost	6 905	10 279	6 905	10 279	

There is no Current-service Cost as there are no in-service members eligible for ex-gratia pension benefits. The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit payments, over the corresponding year. This arises because all future ex-gratia benefits are one year closer to payment.

Net liability in the Statement of Financial Position				
Opening balance	113 772	158 900	113 772	158 900
Current service cost	-	-	-	-
Interest cost	6 905	10 279	6 905	10 279
Expected return on plan assets	-	-	-	-
Transitional liability recognised				
Actuarial (gain)/losses	9992	(21 904)	9992	(21 904)
Net periodic cost recognised in surplus and deficit	16 897	(11 625)	16 897	(11 625)
Expected employee benefit payments	(23 809)	(33 504)	(23 809)	(33 504)
Transitional liability recognised outside surplus and deficit	-	-	-	-
Closing balance	106 860	113 771	106 860	113 771
Current portion	33 506	33 506	33 506	33 506
Non - current portion	73 355	80 226	73 355	80 226

Sensitivity analysis on the unfunded accrued liability			
Assumption	Change	Liability	% Change
Central assumptions		106 861	
Discount rate	+1%	104 142	-3%
	-1%	109 750	3%
Post - retirement mortality	-1%	112 197	5%

(i) A 1% increase and decrease in the discount rate; and
(ii) A one-year age reduction in the assumed rates of post-retirement mortality.

Assumption	Change	Liability	% Change
Central assumptions		6 905	
Discount Rate	+1%	7 632	11%
	-1%	6 130	-11%
Post - retirement mortality	-1 yr	7 308	6%

Key actuarial assumptions used	**Value p.a**	**Value p.a**	**Value p.a**	**Value p.a**
Assumption				
Discount Rate	7,60%	7,10%	7,60%	7,10%
Mortality in retirement	PA(90)-1	PA(90)-1	PA(90)-1	PA(90)-1

Provision for long service benefits

An actuarial valuation has been performed of the municipality's liability for long service benefits relating to long service awards to which employees may become entitled to. The municipality offers employees long service awards for every five years of service completed, from five years of service to 45 years of service, inclusive . This provision is the present value of the total long service awards expected to become payable under the municipality's current arrangements and based on the actuarial assumptions made. The municipality has elected to recognise the provision in full.

Summary for eligible employees	**Female**	**Male**	**Total**
Number of eligible employees	694	1 037	1 731
Average annual salary	227 548	194 416	207 699
Salary - weighted average age	39,0	43,3	41,4
Salary - weighted average past service	7,1	8,3	7,8

Long service awards for the levels of past service

	Description
Completed Service (in years)	**Long Service Bonuses (% of Annual Salary)**

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
5	3,9%	(5 /260 + 2%) x annual salary		
10	6,8%	(10 /260 + 3%) x annual salary		
15	9,8%	(15 /260 + 4%) x annual salary		
20	10,8%	(15 /260 + 5%) x annual salary		
25, 30, 35, 40, 45	11,8%	(15 /260 + 6%) x annual salary		

In the month that each " Completed Service " milestone is reached, the employee is granted a LSA.
Working days awarded are valued at 1/260 of annual salary per day ([Daily leave is valued as follows: Annual basic salary / (12 months x 4.33 weeks per month x 5 days per week])
Retirement gifts are awarded to all employees who retire at age 65. According to the Municipality, only 3% of employees are expected to receive the gift, since the majority retire before age 65.
The value of the retirement gift used in the last valuation was :
R 1,730 for employees with under twelve years of total service at retirement R3,240 for employees with twelve or more years of total service at retirement
These values have been assumed to increase by 7% since the last valuation. The value of the retirement gift is assumed to increase in line with CPI inflation in the future.

Employee related costs				
Current service cost	3 853 635	3 141 310	3 853 635	3 141 310
Interest cost	1 560 308	1 051 642	1 560 308	1 051 642

(i) The Current- Service Cost reflects the additional liability that is expected to accrue in respect of in-service members over the corresponding year.

(ii) The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit vesting's, over the corresponding year. This arises because all future LSA benefits are one year closer to payment

Provision for long service award liability				
Opening accrued liability	21 793 700	17 291 009	21 793 700	17 291 009
Current service cost	3 853 635	3 141 310	3 853 635	3 141 310
Interest cost	1 560 308	1 051 642	1 560 308	1 051 642
Benefit vesting's	(562 478)	(1 382 142)	(562 478)	(1 382 142)
Total annual expense	4 851 465	2 810 810	4 851 465	2 810 810
Actuarial loss / (Gain)	(1 694 530)	1 691 881	(1 694 530)	1 691 881
Closing Accrued Liability	24 950 635	21 793 700	24 950 635	21 793 700
Reconciliation of assets and liabilities recognised in the Statement of Financial Position				
Present value of fund accrued liability	24 950 635	21 793 700	24 950 635	21 793 700
Fair value of plan assets	-	-	-	-
Unrecognised actuarial gain	-	-	-	-
Unrecognised transition liability	-	-	-	-
Unrecognised past service cost	-	-	-	-
Net liability in the Statement of Financial Position	24 950 635	21 793 700	24 950 635	21 793 700

The average liability has increased by 16% due to an increase in the average salary and an increase in the average salary and an increase in the average past service, partially offset by an increase in the net discount rate.

The total liability has increased by 14% (or R 3,156,935) due to the above, partially offset by the fact that there are 17 fewer eligible employees than at the last valuation.

Net liability to reflect in the Statement of Financial Position				
Opening balance	21 793 700	17 291 009	21 793 700	17 291 009
Current service cost	3 853 635	3 141 310	3 853 635	3 141 310
Interest cost	1 560 308	1 051 642	1 560 308	1 051 642
Expected return on plan assets	-	-	-	-
Transitional liability recognised	-	-	-	-
Actuarial gains recognised in surplus and deficit	(1 694 530)	1 691 881	(1 694 530)	1 691 881
Past service cost	-	-	-	-
Effect of Curtailment / Settlement	-	-	-	-
Miscellaneous item				
Net Periodic Cost Recognised in P&L	3 719 413	5 884 833	3 719 413	5 884 833
Expected employer benefit vesting's	(562 478)	(1 382 142)	(562 478)	(1 382 142)
	24 950 635	21 793 700	24 950 635	21 793 700
Current portion of liability (due in the next 12 months) refer to **Note 20**	3 906 226	3 722 401	3 906 226	3 722 401
Non - current portion of the liability	21 044 409	18 071 299	21 044 409	18 071 299
Reconciliation of present value of accrued liability:				
Present value of accrued liability at the beginning of the year	21 793 700	17 291 009	21 793 700	17 291 009
Current service costs	3 853 635	3 141 310	3 853 635	3 141 310
Interest cost	1 560 308	1 051 642	1 560 308	1 051 642
Expected return on plan assets	-	-	-	-
Actuarial (gain)/losses	(1 694 530)	1 691 881	(1 694 530)	1 691 881
Expected employee benefit vesting's	(562 478)	(1 382 142)	(562 478)	(1 382 142)
Closing balance	24 950 635	21 793 700	24 950 635	21 793 700
Total unfunded liability	24 950 635	21 793 700	24 950 635	21 793 700
Average liability per member	14 414	12 468	14 414	12 468
Reconciliation of affair value of plans assets				
Fair value of plan assets at the beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Contributions: Employee	-	-	-	-
Past service costs	-	-	-	-

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
Actuarial gains/(losses)	-	-	-	-
Benefits paid	-	-	-	-
Fair value of plan assets at the end of the year	-	-	-	-

Key actuarial assumptions used

Financial assumptions	8,38%	7,81%	8,38%	7,81%
Discount rate	7,05%	6,97%	7,05%	6,97%
General salary inflation (long -term)	1,24%	0,79%	1,24%	0,79%
Net effective discount rate				

The salaries used in the valuation include an assumed increased on 1 July 2016 6% as per the SALGBC Circular no. 01/2016 . The next salary increase was assumed to take place 01 July 2017.

Demographic Assumptions

Average retirement age	59 for males	56 for females
Mortality during employment	SA 85 -90	

Withdrawal form service (sample annual rates)	Age	Rate	
		Female	Male
	20	24%	16%
	30	18%	12%
	40	10%	8%
	50	4%	4%
	55	2%	2%

Sensitivity analysis assumption Accrued liability

Assumption	Change	Liability	% Change
Central assumptions		24 951	
General salary inflation	+1%	26 280	5%
	-1%	23 731	-5%
Discount rate	+1%	23 631	-5%
	-1%	26 418	6%
Average retirement age	-2 yrs	22 719	-9%
	+2 yrs	27 215	9%
Withdrawal rates	-50%	30 504	22%

(I) A 1% increase and decrease in the assumed general salary inflation rate :
(ii) A 1 % increase and decrease in the discount rate ;
(iii) A two- year decrease and increase in the assumed average retirement age of employees; and
(iv) A 50% decrease in the assumed withdrawal rates from service

The table above indicates, for example, that if salary inflation is 1% greater than the long-term assumption made , the liability will be 5% higher than the results shown in Section 6

Current service and interest costs

Assumptions	Change	Current service cost	Interest cost	Total	% change
Central assumptions		3 853 600	1 560 300	5 413 900	
General salary inflation	+1%	4 107 600	1 654 700	5 762 300	6%
	-1%	3 623 000	1 474 000	5 097 000	-6%
Discount rate	+1%	3 642 200	1 655 900	5 298 100	-2%
	-1%	4 090 400	1 450 300	5 540 700	2%
Average retirement age	-2yrs	3 551 200	1 407 100	4 958 300	-8%
	+2yrs	4 147 200	1 725 800	5 873 000	8%
Withdrawal rates	50%	5 117 700	1 955 600	7 073 300	31%

12. Inventories				
Housing projects	1 051 057	1 068 427	1 051 057	1 068 427
Consumable stores	427 948	490 330	427 948	490 330
Water	7 058 200	5 432 696	7 058 200	5 432 696
	8 537 205	6 991 453	8 537 205	6 991 453

Housing projects

The cost incurred on completed housing units that are occupied by beneficiaries has been transferred to the Statement of Financial Performance. A stock count of inventory on hand was conducted at year end and these quantities have been costed

Water inventory

Unsold purchased water has been disclosed. Correct meter readings at the beginning and end of the financial year could not be guaranteed. Consulting engineers were thus appointed to determine the water on hand for each scheme based on the capacity of reservoirs and pipelines.

Write down of inventory

Raw materials of R17 370 (2015: Rnil) on site for the housing projects were found to be damaged and were not suitable for construction.
No inventory pledged as a security.

13. Receivables from exchange transactions				
Trade receivables	74 935 788	92 212 711	74 935 788	92 212 711

Trade receivables
Balance as at 30 June 2016

	Gross balances	Allowance for impairment	Net balance
Water	295 065 894	(269 206 469)	25 859 425
Sanitation	185 852 574	(146 434 630)	39 417 944
Interest on arrears component	109 796 919	(100 138 502)	9 658 417
	590 715 387	(515 779 601)	74 935 786

Balance as at 30 June 2015

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
		Gross balances	Allowance for Impairment	Net balance
Water		286 405 101	(236 427 964)	49 977 137
Sanitation		200 377 317	(173 407 849)	26 969 468
Interest on arrears component		109 092 143	(93 826 037)	15 266 106
		595 874 561	(503 661 850)	92 212 711
Water and sanitation - Debtors ageing				
Current (0-30 days)			53 071 210	48 149 534
30 -60 days			20 523 310	18 549 634
60 - 90 days			17 679 100	17 351 782
90 - 120 days			17 338 111	23 256 378
120 - 330 days			114 502 607	109 033 013
330+ days			367 601 049	379 534 220
			590 715 387	595 874 561

	Domestic	Industrial / Commercial	National and Provincial Government	Total
Summary of debtors by customer classification - 30 June 2016				
Current (0-30 days)	34 538 363	4 667 276	13 865 571	53 071 210
30 -60 days	14 020 710	1 432 385	5 070 215	20 523 310
60 - 90 days	13 323 020	1 047 417	3 308 663	17 679 100
90 - 120 days	13 375 103	655 424	3 307 585	17 338 112
120 - 330 days	87 825 300	4 472 475	22 204 833	114 502 608
330+ days	285 838 122	6 268 841	75 494 087	367 601 050
Subtotal	448 920 618	18 543 818	123 250 954	590 715 390
Less: Allowance for impairment	(402 308 090)	(15 473 388)	(97 998 124)	(515 779 602)
	46 612 528	3 070 430	25 252 830	74 935 788

	Domestic	Industrial / Commercial	National and Provincial Government	Total
Summary of debtors by customer classification - 30 June 2015				
Current (0-30 days)	31 959 779	3 972 303	12 217 452	48 149 534
30 -60 days	13 800 414	1 121 890	3 627 330	18 549 634
60 - 90 days	12 881 417	1 220 373	3 249 992	17 351 782
90 - 120 days	19 215 189	912 736	3 128 452	23 256 377
120 - 330 days	81 734 098	5 754 661	21 544 254	109 033 013
330+ days	299 960 190	12 691 777	66 885 083	379 537 050
Subtotal	459 551 087	25 673 740	110 652 563	595 877 390
Less: Allowance for impairment	(389 605 692)	(21 479 700)	(92 576 459)	(503 661 851)
	69 945 395	4 194 040	18 076 104	92 215 539

The comparative was restated refer **Note 47**

Credit quality of trade and other receivables
The following represents information on the credit quality of trade receivables that are neither past due nor impaired:

Trade receivables				
Counterparties without external credit rating				
A - Government	19	19	19	19
B - Businesses	3	5	3	5
C - Domestic and other	78	76	78	76
	100	100	100	100

A - The debtors are of good credit quality and default in payment is expected .
B - The debtors are usual good payers, but there is a possibility that the debtor may not be able to pay on time.
C - These debtors usually pay, but have previously paid late and therefore there is a possibility that these debtors will not be recoverable.

Method of determining credit quality of trade and other receivables from exchange transaction
The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. Consumer debtors with a demonstrative ability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make adequate provision for such relief. The municipality has determined the above credit ratings internally through the consideration of previous payment trends per debtor type Interest is raised at prime on overdue accounts.

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

1 month past due	31 842 726	28 889 720	31 842 726	28 889 720
2 months past due	4 104 662	3 709 927	4 104 662	3 709 927
3 months past due	3 535 820	3 470 356	3 535 820	3 470 356
4 months past due	3 467 622	4 651 275	3 467 622	4 651 275
greater than 4 months	31 984 958	51 584 261	31 984 958	51 584 261

Trade and other receivables Impaired
The amount of the provision was (R515 779 602) as of 30 June 2016 (R503 661 852) as of 30 June 2015.

The ageing of or these is as follows:				
1 to 3 months	21 228 484	19 259 814	21 228 484	19 259 814
3 to 6 months	16 418 648	14 839 707	16 418 648	14 839 707
6 to 9 months	14 143 280	13 881 426	14 143 280	13 881 426
more than 9 months past due	463 989 190	455 680 904	463 989 190	455 680 904

Reconciliation of provision for impairment of trade and other receivables including other receivables

Opening balance	517 761 646	400 891 915	517 761 646	400 891 915

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
Provision for Impairment	162 127 101	154 873 868	162 127 101	154 873 868
Amounts written off as uncollectable	(150 206 037)	(38 004 137)	(150 206 037)	(38 004 137)
	529 682 710	517 761 646	529 682 710	517 761 646

The estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments (more than 30 days overdue) are considered indicators that the consumer debtor is impaired. Total bad debts of R150 206 037 were written off during the year.

14. Receivables from non - exchange transactions

Total other debtors	9 423 249	20 720 674	9 273 992	20 140 735
Receivables from non - exchange transactions				
Sundry receivables	23 184 575	34 700 612	23 177 101	34 240 531
Prepayments	64 988	75 858	-	-
Deutsche Gesellschall fur Internationale Zusammernarbeit (GIZ) Funding	32 795	-	-	-
Deposits	44 000	44 000	-	-
Subtotal	23 326 358	34 820 470	23 177 101	34 240 531
Less: Allowance for doubtful debts	(13 903 109)	(14 099 796)	(13 903 109)	(14 099 796)
	9 423 249	20 720 674	9 273 992	20 140 735

In determining the recoverability of other receivables, the group considers any change in the credit quality of other receivables from the date on which the credit was initially granted up to the reporting date.

The fair value of other receivables approximates their carrying amounts.

Receivables from non - exchange transactions past due but not impaired

Other receivables from non - exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2016, R9 358 261 (2015: R20 720 674) were past due but not impaired

The ageing of amounts past due but not impaired is as follows

3 months past due	9 423 249	20 720 674	9 273 992	20 140 735

Receivables from non - exchange transactions impaired

The amount of the provision was (R 13 903 109) as of 30 June 2016, (2015: R 14 099 796)

Over 6 months	13 903 109	14 099 796	13 903 109	14 099 796

Reconciliation of provision for impairment of receivables from non - exchange transaction

Opening balance	14 099 796	9 901 494	14 099 796	9 901 494
Provision for Impairment	-	4 198 302	-	4 198 302
Amounts written off as uncollectible	(196 687)	-	(196 687)	-
	13 903 109	14 099 796	13 903 109	14 099 796

15. VAT receivables

VAT	44 238 280	106 746 502	44 054 118	105 889 959

VAT is paid over to SARS only once payment is received from debtors. All VAT returns have been submitted by due date throughout the year.

16. Cash and cash equivalents

Cash on hand	9 095	9 116	9 000	9 000
Bank balances (current accounts)	82 907 025	83 907 025	79 031 373	78 651 624
Short - deposits (call accounts)	64 759 088	136 568 842	52 324 259	126 385 117
	147 675 208	220 484 983	131 364 632	205 045 741

An amount of R56 394 186 (2015 : R58 558 729) of the unspent conditional grants is included in cash and cash equivalents. Investments of R56 million have been included as short term deposits as this investment has been invested for less than three months .

The group had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
STD Bank Account no - 081-039-454 (primary)	62 693 400	35 546 975	100 284 746	62 279 481	34 267 739	100 284 746
ABSA BANK Account no - 406-309-3498	16 497 554	43 930 738	16 448 843	16 497 554	43 930 738	16 448 843
STD Bank - Call no 088-643-816-001	1 000 000	1 000 000	1 000 000	4 447 210	1 000 000	1 000 000
RMB Bank	-	10 112 247	-	-	10 112 247	-
STD Bank	20 000 000	27 322 355	-	20 000 000	27 322 355	-
Nedbank	-	10 131 425	-	-	10 131 425	-
Investec	17 000 000	17 219 792	-	17 000 000	17 219 792	-
ABSA	10 000 000	60 599 299	-	10 000 000	60 599 299	-
AEDA Cheque Account : ABSA Bank	169 205	1 140 946	71 996	169 205	1 140 946	71 996
AEDA Call account : Standard Bank	1 952 926	66 963	766 704	1 952 926	66 963	766 704
AEDA Cheque Account : Standard Bank	555 200	138 819	283 888	555 200	138 819	283 888
Aspire Natural Resources Management : Standard Bank	822 710	1 141 879	-	822 710	1 141 879	-
Black Wattle Account	6 226	6 226	6 226	6 226	6 226	6 226
Cash on hand	95	116	879	95	116	879
DEA- Adopt a spot cheque account : Standard Bank	1 554 092	2 026 640	449 910	1 554 092	2 026 640	449 910
EA - Dot Cheque account : Standard Bank	7 906	31 331	-	7 906	31 331	-
EC- BCM Waste Management Standard Bank	754 854	762 630	-	754 854	762 630	-

Notes to the Consolidated Annual Financial Statements

			Group		Municipality	
			2016	2015 Restated	2016	2015 Restated
			R	R	R	R
HAR Dot cheque account : Standard Bank	11 685	13 155	14 865	11 685	13 155	14 865
NDPG call account	10 475 678	10 110 535	3 672 171	10 475 678	10 110 535	3 672 171
Total	143 501 531	221 302 071	123 000 228	146 534 822	220 022 835	123 000 228

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA BANK Account no - 406-309-3498	16 497 554	43 930 738	16 448 843	16 497 554	43 930 738	16 448 843
STD Bank Account no - 081-039-454 primary)	62 293 400	35 546 975	100 284 746	62 279 481	34 267 739	100 284 746
STD Bank - Call no 088-643-816-001	1 000 000	1 000 000	1 000 000	4 447 210	1 000 000	1 000 000
RMB Bank	-	10 112 247	-	-	10 112 247	-
STD Bank	20 000 000	27 322 355	-	20 000 000	27 322 355	-
Nedbank	-	10 131 425	-	-	10 131 425	-
Investec	17 000 000	17 219 792	-	17 000 000	17 219 792	-
ABSA	10 000 000	60 599 299	-	10 000 000	60 599 299	-
Total	126 790 954	205 862 831	117 733 589	130 224 245	204 583 595	117 733 589

17. Finance lease obligation

Minimum lease payment due				
within one year	2 924 796	215 225	2 924 796	215 225
in second to fifth year inclusive	470 565	101 400	470 565	101 400
	3 395 361	316 625	3 395 361	316 625
Less: future finance charges	(191 652)	(19 592)	(191 652)	(19 592)
Present value of minimum lease payments	3 203 709	297 033	3 203 709	297 033
Present value of minimum lease payments				
within one year	2 738 674	199 693	2 738 674	199 693
in second to fifth year inclusive	465 035	97 340	465 035	97 340
	3 203 709	297 033	3 203 709	297 033
Non - current liabilities	465 035	97 340	465 035	97 340
Current liabilities	2 738 674	199 693	2 738 674	199 693
	3 203 709	297 033	3 203 709	297 033

It is the municipality policy to lease certain office equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 9.2% (2015: 8.5 %) . All leases have fixed repayment terms with no escalation rate, but varies with the changes in the prime interest rate.
The municipality's obligations under finance leases are secured by the lessor's charged over the leased assets.

Default and breaches

During the financial year, 1960 payments were paid after 30 days of receipt of the invoice as per the requirement stipulated in Section 65(2)'('e) of the Municipal Finance Management Act No. 56 of 2003 . The municipality has implemented controls in the form of registers to improve.

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprise of :				
Total Unspent conditional grants and receipts	56 394 186	59 871 626	41 914 426	45 239 540
National government grant	1 080 163	239 768	1 080 163	239 768
Provincial government grant	40 256 222	44 402 302	40 256 222	44 402 302
Other grant providers	15 057 801	13 916 659	578 041	597 470
	56 394 186	58 558 729	41 914 426	45 239 540
Movement during the year				
Balance at the beginning of the year	58 558 730	56 223 076	45 239 540	51 030 246
Additions during the year	674 816 150	862 097 403	656 271 859	844 985 933
Income recognition during the year	(676 980 692)	(859 761 749)	(659 596 973)	(850 776 639)
	56 394 188	58 558 730	41 914 426	45 239 540

The unspent conditional grant funding is covered within the cash and cash equivalents and current investments.
The comparative figure for unspent conditional grants was restated refer Note 47

19. Interest bearing borrowings: DBSA

At amortised cost				
Bank loan	132 684 268	172 351 148	132 684 268	172 351 148

Terms and conditions

The loan was obtained from DBSA to fund sanitation projects. Interest is charged at 8.51% and is repayable in 6 instalments over 2 years . Three instalments that ADM is liable for , and the last instalment is payable by end of March 2017. The capital portion of the loan is secured by the MIG grant.

Non- current liabilities	-	127 320 150	-	127 320 150
At amortised cost	132 684 268	172 351 148	132 684 268	172 351 148
	132 684 268	299 671 298	132 684 268	299 671 298
Current liabilities				
At amortised cost	132 684 268	172 351 148	132 684 268	172 351 148

20. Provisions

Reconciliation of provisions - Group 2016

	Opening Balance	Additions	Reversed during the year	Total
Post employment benefit	3 722 401	183 825	-	3 906 226

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
Performance bonus	2 432 598	1 926 123	(729 160)	3 629 561
	6 154 999	2 109 948	(729 160)	7 535 787

Reconciliation of provisions - Group 2015

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Post employment benefit	7 125 896	-	-	(3 403 495)	3 722 401
Performance bonus	1 352 145	1 580 879	(500 426)	-	2 432 598
	8 478 041	1 580 879	(500 426)	(3 403 495)	6 154 999

Reconciliation of provisions - Municipality 2016

	Opening Balance	Additions	Reversed during the year	Total
Post employment benefit	3 722 401	183 825	-	3 906 226
Performance bonus	2 432 598	1 926 123	(729 160)	3 629 561
	6 154 999	2 109 948	(729 160)	7 535 787

Reconciliation of provisions - Municipality 2015

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Post employment benefit	7 125 896	-	-	(3 403 495)	3 722 401
Performance bonus	1 352 145	1 580 879	(500 426)	-	2 432 598
	8 478 041	1 580 879	(500 426)	(3 403 495)	6 154 999

Performance bonuses

The uncertainties noted for the provision for Performance Bonus are as follows: Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date. The provision is calculated at 14% of the current total salary package of Section 57 employees for the 2015/16 financial year, however this is subject to change once the assessments have been finalised.

Employee benefit cost provision

The uncertainties noted for the current portion of the long service awards are as follows: The current portion of the long service award was calculated by independent actuaries that have performed a valuation for the long service award provision. Refer to Note 11 for the assumptions used.

21. Current tax payable (receivable)

South African normal tax

Current tax - South African effective and normal rate (28%)

Tax asset/(liability)				
Amount paid /(payable) at beginning of the year	653 431	286 608	-	-
Interest earned	11 539	15 230	-	-
Current tax	(191 920)	236 381	-	-
Less: Paid during the year	(373 349)	115 212	-	
	99 701	653 431	-	-

22. Payables from exchange transactions

Trade payables	76 846 991	37 677 334	76 840 437	37 614 700
Amounts received in advance: Water and sanitation	14 687	14 342	14 687	14 342
Other payables	34 308 110	11 974 827	33 587 810	8 894 280
Accruals	37 419 080	190 745 881	37 419 080	190 745 881
Accrued service bonus	13 911 209	12 834 608	13 911 209	12 834 608
Retention payable	43 695 226	44 721 547	43 695 226	44 721 547
Consumer debtors with credit balances 'Accrued leave pay	9 664 247	6 944 067	9 664 247	6 944 067
Accrued Leave pay	54 612 184	42 552 899	53 944 686	41 974 865
	270 471 734	347 465 505	269 077 382	343 744 290

Fair value of trade and other payables

Trading creditors are non -interest bearing and are normally settled on 30-day terms.
Retentions are non - interest bearing and are settlement in terms of the contract agreement.
Management policies are in place to ensure that all payables are paid within a reasonable time frame.

Short term payables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.
The carrying amount of trade payables approximates their fair value due.

The movement on the staff leave accrual balances as above for the 2016 financial year was as follows:

Accrued leave pay				
Opening balance	42 552 900	33 340 173	41 974 866	32 890 401
Plus: contributions during the year	16 573 122	22 605 224	16 483 658	22 476 962
Leave sold during the year	(4 513 838)	(13 392 497)	(4 513 838)	(13 392 497)
	54 612 184	42 552 900	53 944 686	41 974 866

The leave accrual is based on the total number of accrued days at the reporting date. The full amount of the leave liability is recognised as an accrual as the municipality does not have an unconditional right to defer settlement of its leave liabilities and its policies allow leave to be carried forward or paid out without any restrictions. Hence the timing and amount are certain.

The movement on the staff leave accrual balances as above for the 2016 financial year was as follows:

Accrued service bonus				
Opening balance	12 834 608	12 428 377	12 834 608	12 428 377
Additional provision	1 076 601	39 472 288	1 076 601	39 472 288
Unused amounts reversed	-	(39 066 057)	-	(39 066 057)
	13 911 209	12 834 608	13 911 209	12 834 608

The accrual calculation is based on the portion of the thirteenth cheque payable that falls due within the current year. The municipality has an obligation to pay a service bonus in terms of its condition of employment.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
23. Taxes and transfers payable (non - exchange)				
Other payables from non - exchange transactions	7 392 370	-	7 392 370	-
The amount represents PAYE for the month of June 2016 that was paid in July 2016				
24. Consumer deposits				
Water and Sanitation	2 757 829	2 457 622	2 757 829	2 457 622
The consumer deposits relate to the water and sanitation function.				
The municipality does not have an unconditional right to defer the payment of the consumer deposits.				
Deposits are released when an owner of the property terminates the contract with the municipality to supply water to the property.				
25. Revenue				
Service charges	217 240 419	242 418 883	217 240 419	242 418 883
Rental of facilities and equipment	984 350	315 510	984 350	315 510
Interest earned outstanding receivables	37 408 693	35 223 104	37 408 693	35 223 104
Other income	5 708 079	4 788 151	5 360 950	4 736 144
Interest received - investments	20 450 867	27 814 067	20 393 216	27 381 848
Government grants & subsidies	1 369 754 842	1 534 704 222	1 363 418 860	1 525 719 110
Services in kind		-	-	-
Own revenue - VAT other grant	31 590 621	47 466 413	31 590 621	47 466 413
Own revenue - VAT MIG	22 290 260	48 503 349	22 290 260	48 503 349
	1 705 428 131	1 941 233 699	1 698 687 369	1 931 764 361
The revenue figure was restated as the Actuarial gain of R15 902 259 (2015: R15 280 893) was disclosed separately on the face of the Statement of Financial Performance				
The amount included in revenue arising from exchange of goods or services are as follows:				
Service charges	217 240 419	242 418 883	217 240 419	242 418 883
Rental of facilities and equipment	984 350	315 510	984 350	315 510
Interest earned outstanding receivables	37 408 693	35 223 104	37 408 693	35 223 104
Other income	5 708 079	4 788 151	5 360 950	4 736 144
Interest received - investments	20 450 867	27 814 067	20 393 216	27 381 848
	281 792 408	310 559 715	281 387 628	310 075 489
The amount included in revenue arising from Non exchange of goods or services are as follows:				
Transfer revenue				
Government grants & subsidies	1 369 754 842	1 534 704 222	1 363 418 860	1 525 719 110
Own revenue - VAT other grant	31 590 621	47 466 413	31 590 621	47 466 413
Own revenue - VAT MIG	22 290 260	48 503 349	22 290 260	48 503 349
	1 423 635 723	1 630 673 984	1 417 299 741	1 621 688 872
26. Service charges				
Sale of water	144 849 226	145 957 183	144 849 226	145 957 183
Sewerage and sanitation charges	67 860 559	92 232 036	67 860 559	92 232 036
Other service charges	4 530 634	4 229 664	4 530 634	4 229 664
	217 240 419	242 418 883	217 240 419	242 418 883
Service charges are reflected at an amount net of subsidy to indigents amounting to R17 299 750 (2015 : R 22 335 778) for both water and sanitation				
27. Rental facilities and equipment				
Facilities and equipment				
Straight lined operating lase receipts	253 923	173 771	253 923	173 771
Other rentals	730 427	141 739	730 427	141 739
	984 350	315 510	984 350	315 510
28. Other income				
Commission	721 331	620 147	721 331	620 147
Connection fees	829 635	1 057 284	829 635	1 057 284
Conservancy fees	1 154 115	1 420 256	1 154 115	1 420 256
Discount received	148	103	-	-
Legal fees covered	5 448	-	5 448	-
Sundry income	2 908 123	1 579 291	2 561 142	1 527 387
Bad debts recovered	3 428	43 270	3 428	43 270
RD cheque bank charges recovered	2 845	2 817	2 845	2 817
Emergency tanked water	82 506	64 983	82 506	64 983
Illegal parking fines	500	-	500	-
	5 708 079	4 788 151	5 360 950	4 736 144
The revenue figure was restated as the Actuarial gain of R15 902 259 (2015: R15 280 893) was disclosed separately on the face of the Statement of Financial Performance				
29. Interest received				
Bank	15 076 044	11 994 159	15 029 931	11 577 170
Financial assets	5 363 285	15 777 606	5 363 285	15 777 606
Interest received - SARS	11 538	42 302	-	27 072
	20 450 867	27 814 067	20 393 216	27 381 848
30. Grants and subsidies paid				
Other subsidies				
Projects: ASPIRE	16 792 709	8 680 373	-	-

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
31. Government grants and subsidies				
Operating grants				
Other grant income	7 391 223	3 548 701	-	-
Conditional grants: conditions met - transferred to revenue	6 309 075	6 943 089	6 309 075	6 943 089
Other government grants and subsidies	27 886 921	32 834 922	27 886 921	32 834 922
Levy replacement grant	293 829 900	270 433 000	293 829 900	270 433 000
Equitable share	405 592 994	393 118 000	405 592 994	393 118 000
	741 010 113	706 877 712	733 618 890	703 329 011
Capital grants				
DBSA income recognition	-	286 320 150	-	286 320 150
Neighbourhood development grant	10 256 759	5 436 411	11 312 000	-
MWIG capital	81 527 144	14 132 094	81 527 144	14 132 094
RHIG	-	9 095 274	-	9 095 274
RBIG	98 231 095	87 078 581	98 231 095	87 078 581
MIG grant	438 729 731	425 764 000	438 729 731	425 764 000
	628 744 729	827 826 510	629 799 970	822 390 099
	1 369 754 842	1 534 704 222	1 363 418 860	1 525 719 110

The government grant and subsidies comparative was restated refer **Note 47**

Conditional and Unconditional
Unconditional

Equitable share
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.
All registered indigent receive a monthly subsidy of which is funded from the grant.

Equitable share				
Current year receipts	405 592 994	393 118 000	405 592 994	393 118 000
Conditions met - transferred to revenue	(405 592 994)	(393 118 000)	(405 592 994)	(393 118 000)
	-		-	-
Levy grant replacement				
Current year receipts	293 829 900	270 433 000	293 829 900	270 433 000
Conditions met - transferred to revenue	(293 829 900)	(270 433 000)	(293 829 900)	(270 433 000)
	-	-	-	-

Regional Services Council levies were abolished during 2006. This grant is used to subsidise the operations of the District Municipality due to the significant change in funding.

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming three financial years.

Conditional

Municipal Infrastructure grant (MIG)				
Balance unspent at beginning of year	134 465	-	134 465	-
Current year receipts	438 589 000	425 898 465	438 589 000	425 898 465
Conditions met - transferred to revenue	(438 916 080)	(425 764 000)	(438 916 080)	(425 764 000)
	(192 615)	134 465	(192 615)	134 465
Conditions still to be met - remain liabilities (see note 18)				
Regional bulk infrastructure (RBIG)				
Balance unspent at beginning of year	1 428 825	2 148 961	1 428 825	2 148 961
Current year receipts	98 077 791	86 140 589	98 077 791	86 140 589
Conditions met - transferred to revenue	(98 231 095)	(86 860 725)	(98 231 095)	(86 860 725)
	1 275 521	1 428 825	1 275 521	1 428 825
Conditions still to be met - remain liabilities (see note 18)				
Municipal system improvement grant (MSIG)				
Balance unspent at beginning of year	179 613	149 534	179 613	149 534
Current year receipts	940 000	934 000	940 000	934 000
Conditions met - transferred to revenue	(1 115 587)	(903 921)	(1 115 587)	(903 921)
	4 026	179 613	4 026	179 613
Conditions still to be met - remain liabilities (see note 18)				
Expanded public works programme (EPWP)				
Current year receipts	2 667 000	3 045 000	2 667 000	3 045 000
Conditions met - transferred to revenue	(2 334 597)	(3 045 000)	(2 334 597)	(3 045 000)
	332 403	-	332 403	-
Conditions still to be met - remain liabilities (see note 18)				
Department of Water Affairs: Flood relief grant				
Balance unspent at beginning of year	-	190 589	-	190 589
Conditions met - transferred to revenue	-	(190 589)	-	(190 589)
	-	-	-	-
Conditions still to be met - remain liabilities (see note 18)				
Financial management (FMG)				
Balance unspent at beginning of year	1 250 000	1 250 000	1 250 000	1 250 000
Condition met - transferred to revenue	(1 240 771)	(1 250 000)	(1 240 771)	(1 250 000)
	9 229	-	9 229	-
Conditions still to be met - remain liabilities (see note 18)				

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
Rural Roads Asset Management Grant (RAMS)				
Balance unspent at beginning of year	60 155	244	60 155	244
Current year receipts	2 734 000	2 708 000	2 734 000	2 708 000
Conditions met - transferred to revenue	(2 733 707)	(2 648 089)	(2 733 707)	(2 648 089)
	60 448	60 155	60 448	60 155
Conditions still to be met - remain liabilities (see note 18)				
Water Services Operating Subsidy Grant				
Balance unspent at beginning of year				
Current year receipts	10 500 000	-	10 500 000	-
Conditions met - transferred to revenue	(10 470 295)	-	(10 470 295)	-
Conditions still to be met - remain liabilities (see note 18)	29 705		29 705	
DWA Refurbishment Grant				
Balance unspent at beginning of year	-	54 583	-	54 583
Current year receipts	-	10 000 000	-	10 000 000
Conditions met - transferred to revenue	-	(10 000 000)	-	(10 000 000)
Transferred to the consolidated	-	(54 583)	-	(54 583)
	-	-	-	-
Conditions still to be met - remain liabilities (see note 18)				
Municipal Water Infrastructure (MWIG)				
Current year receipts	80 850 000	14 132 094	80 850 000	14 132 094
Conditions met - transferred to revenue	(81 527 144)	(14 132 094)	(81 527 144)	(14 132 094)
	(677 144)	-	(677 144)	-
Conditions still to be met - remain liabilities (see note 18)				
Rural Housing Infrastructure Grant (RHIG)				
Balance unspent at beginning of year	-	95 274	-	95 274
Current year receipts	-	9 000 000	-	9 000 000
Conditions met - transferred to revenue	-	(9 095 274)		(9 095 274)
	-	-	-	-
Conditions still to be met - remain liabilities (see note 18)				
Neighbourhood Development Partnership Grant (NDPG)				
Balance unspent at beginning of year	9 968 488	3 884 655	-	-
Current year receipts	11 900 578	11 520 244	11 312 000	11 257 000
Conditions met - transferred to revenue	(11 535 435)	(5 436 411)	(11 312 000)	(11 257 000)
	10 333 631	9 968 488	-	-
Conditions still to be met - remain liabilities (see note 18)				
Industrial Development Corporation				
Balance unspent at beginning of year	831 146	831 146	-	-
Current year receipts	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-
	831 146	831 146	-	-
Conditions still to be met - remain liabilities (see note 18)				
Department of Rural Development and Agrarian Land Reform				
Balance unspent at beginning of year	405	405	-	-
Conditions still to be met - remain liabilities (see note 18)				
DEDEAT/ECDC - Emthonjeni Arts				
Balance unspent at beginning of year	21 275	21 275	-	-
Conditions still to be met - remain liabilities (see note 18)				
EC- Adopt a Spot				
Balance unspent at beginning of year	2 010 882	449 910	-	-
Current year receipts	3 533 053	2 333 871	-	-
Conditions met - transferred to revenue	(3 989 844)	(772 899)	-	-
	1 554 091	2 010 882	-	-
Conditions still to be met - remain liabilities (see note 18)				
Natural Resources Management				
Balance unspent at beginning of year	797 494	-	-	-
Current year receipts	3 110 661	2 292 355	-	-
Conditions met - transferred to revenue	(3 082 577)	(1 494 861)	-	-
	825 578	797 494	-	-
Conditions still to be met - remain liabilities (see note 18)				
EC -BCM Waste Management				
Balance unspent at beginning of year	762 737	-	-	-
Current year receipts	-	765 000	-	-
Conditions met - transferred to revenue	(7 776)	(2 263)	-	-
	754 961	762 737	-	-
Conditions still to be met - remain liabilities (see note 18)				
DBSA Drylands fund - Ndakana				
Balance unspent at beginning of year	5 439	5 439	-	-
Current year receipts	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-
	5 439	5 439	-	-
Conditions still to be met - remain liabilities (see note 18)				

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
32. Employee related costs				
Employee related costs - Salaries and Wages	369 499 770	338 091 591	356 630 984	324 737 890
Bonus	16 403 692	18 942 378	16 403 692	18 942 378
Medical aid - company contributions	31 605 621	26 593 666	31 605 621	26 593 666
UIF	2 973 642	2 757 907	2 824 693	2 757 907
WCA	3 438 391	3 114 022	3 419 655	3 114 022
Contributions: SAMWU	4 222 897	3 202 049	4 222 897	3 202 049
Leave pay provision charge	35 309 616	31 215 786	35 083 378	31 215 786
Contribution: Pension fund	57 381 945	50 504 985	56 615 431	50 504 985
Contribution: Group life	3 047 096	2 316 201	3 047 096	2 316 201
Bargaining council	151 764	142 997	151 764	142 997
Employee benefit contribution	22 153 844	20 567 531	22 153 844	20 567 531
Travel, motor car, accommodation, subsistence and other allowances	27 474 075	24 892 885	27 474 075	24 892 885
Overtime payments	20 763 347	24 232 418	20 763 347	24 232 418
Car allowance	13 213 752	11 161 352	13 213 752	11 161 352
Housing benefits and allowances	4 988 634	4 444 890	4 988 634	4 444 890
Allowance: cellphone	9 078 733	8 413 205	9 078 733	8 413 205
Allowance: shift	2 162 523	2 014 636	2 162 523	2 014 636
Allowance: Standby, Night and Sunday	12 683 523	9 594 910	12 683 523	9 594 910
Allowance: Dirt	4 622	1 125 536	4 622	1 125 536
	636 557 487	583 328 945	622 528 264	569 975 244
Amounts expensed in respect of retirement benefit plans				
Defined contribution funds	91 501 849	66 950 043	91 501 849	66 950 043
Defined benefits funds	2 495 779	4 104 052	2 495 779	4 104 052
	93 997 628	71 054 095	93 997 628	71 054 095
Remuneration of Municipal Manager				
Annual Remuneration	1 745 415	1 595 036	1 745 415	1 595 036
Performance bonuses	180 926	132 199	180 926	132 199
Contribution to UIF, Medical and Pension Funds	20 401	1 825	20 401	1 825
Leave encashment	170 232	-	170 232	-
Cellphone allowance	60 672	50 574	60 672	50 574
Travel allowance	196 000	192 000	196 000	192 000
Back pay of remuneration	-	71 640	-	71 640
	2 373 646	2 043 274	2 373 646	2 043 274
Remuneration of Chief Financial Officer				
Annual Remuneration	483 332	870 597	483 332	870 597
Performance bonuses	100 694	96 395	100 694	96 395
Contribution to UIF, Medical and Pension Funds	292 503	230 646	292 503	230 646
Leave encashment	-	58 942	-	58 942
Cellphone allowance	28 716	47 874	28 716	47 874
Travel allowance	124 642	252 000	124 642	252 000
Back pay of remuneration	41 505	22 769	41 505	22 769
Housing allowance	53 886	184 357	53 886	184 357
	1 125 278	1 763 580	1 125 278	1 763 580
Remuneration of the Director :Engineering				
Annual Remuneration	867 365	781 378	867 365	781 378
Performance bonuses	117 477	96 395	117 477	96 395
Contribution to UIF, Medical and Pension Funds	200 645	176 455	200 645	176 455
Leave encashment	-	145 259	-	145 259
Cellphone allowance	57 432	47 874	57 432	47 874
Travel allowance	216 000	216 000	216 000	216 000
Back pay of remuneration	41 508	22 768	41 508	22 768
Housing allowance	356 353	359 927	356 353	359 927
	1 856 780	1 846 056	1 856 780	1 846 056
Remuneration of the Director :Strategic Management				
Annual Remuneration	1 140 988	809 195	1 140 988	809 195
Performance bonuses	117 477	96 396	117 477	96 396
Contribution to UIF, Medical and Pension Funds	235 832	164 058	235 832	164 058
Leave encashment	-	-	-	-
Cellphone allowance	57 432	47 874	57 432	47 874
Travel allowance	264 000	264 000	264 000	264 000
Back pay of remuneration	40 988	22 768	40 988	22 768
Acting allowance	13 803	19 804	13 803	19 804
Housing allowance	-	299 127	-	299 127
	1 870 520	1 723 222	1 870 520	1 723 222
Remuneration of the Director : Corporate services				
Annual Remuneration	1 076 681	943 707	1 076 681	943 707
Performance Bonuses	117 477	137 707	117 477	137 707
Contribution to UIF, Medical and Pension Funds	226 550	191 463	226 550	191 463
Leave Encashment	64 597	64 836	64 597	64 836
Cellphone Allowance	57 432	47 874	57 432	47 874
Travel Allowance	415 775	397 596	415 775	397 596
Back pay of Remuneration	41 509	22 769	41 509	22 769
Acting Allowance	9 969	-	9 969	-
	2 009 990	1 805 952	2 009 990	1 805 952
Remuneration of the Director : Health & Protection				
Annual Remuneration	1 094 661	961 754	1 094 661	961 754
Performance bonuses	107 687	72 296	107 687	72 296
Contribution to UIF, Medical and Pension Funds	250 079	174 941	250 079	174 941
Leave encashment	109 816	-	109 816	-
Cellphone allowance	57 432	43 250	57 432	43 250
Travel, motor car, accommodation , subsistence and other allowance	297 473	255 772	297 473	255 772
Back pay of remuneration	38 629	70 107	38 629	70 107
	1 955 777	1 578 120	1 955 777	1 578 120

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
Remuneration of the Director : Legislative Executive Services				
Annual Remuneration	1 337 254	1 182 414	1 337 254	1 182 414
Performance bonuses	100 694	123 937	100 694	123 937
Contribution to UIF, Medical and Pension Funds	35 162	19 705	35 162	19 705
Cell phone allowance	57 432	44 208	57 432	44 208
Travel allowance	261 072	263 604	261 072	263 604
Back pay of remuneration	48 981	214 453	48 981	214 453
	1 840 595	1 848 321	1 840 595	1 848 321
Remuneration of Acting Chief Executive Officer : Mnqeta N				
Annual Remuneration	-	1 414 192	-	-
Lump sum settlement	2 697 176	-	-	-
Performance bonuses	-	199 873	-	-
Contribution to UIF, Medical and Pension Funds	7307	192 339	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	60 000	-	-
	2 704 483	1 866 404	-	-
Remuneration of the Executive Manager Operations : Shenxane T V				
Annual Remuneration	1 317 039	1 078 245	-	-
Acting allowance	83 658	-	-	-
Contribution to UIF, Medical and Pension Funds	40 347	38 885	-	-
	1 441 044	1 117 130	-	-
Remuneration of Company Secretary : Kiviet Z				
Annual Remuneration	989 656	886 258	-	-
Performance bonuses	-	35 650	-	-
Contributions to UIF, medical and provident funds	30 553	46 028	-	-
	1 020 209	967 936	-	-
Remuneration of the Executive Manager of Corporate Services : Weppelman S				
Annual Remuneration	905 806	828 574	-	-
Performance bonuses	-	84 413	-	-
Contribution to UIF, Medical and Pension Funds	113 445	104 131	-	-
Leave encashment	-	-	-	-
	1 019 251	1 017 118	-	-
Remuneration of the Chief Financial Officer : Resigned on December 2014				
Annual Remuneration	-	352 844	-	-
Performance bonuses		95 404	-	-
Contribution to UIF, Medical and Pension Funds	-	51 640	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	24 000	-	-
Leave encashment	-	85 212	-	-
	-	609 100	-	-
Remuneration of the Chief Financial Officer				
Acting Allowance	-	141 800	-	-
Remuneration of the Acting Chief Financial Officer: Kweleta S				
Acting Allowance	62 087	-	-	-
Remuneration of the Acting Chief Executive Officer: Hanabe L				
Acting Allowance	77 087	-	-	-
33. Remuneration of councillors				
Executive Mayor	947 475	886 906	947 475	886 906
Non Executive board members	959 526	1 115 231	-	-
Speaker	905 591	724 923	905 591	724 923
Councillors 2016: (37) 2015 : (37)	11 826 987	11 050 338	11 826 987	11 050 338
Skills development levy	203 389	159 304	203 389	159 304
Councillors allowance	246 708	208 394	246 708	208 394
	15 089 676	14 145 096	14 130 150	13 029 865

In - kind benefits
The Executive Mayor, Speaker and Mayoral Committee Members are full- time. Each is provided with an office and secretarial support at the cost of the Council
The Executive Mayor has use of Council owned vehicle for official duties.
The Executive Mayor has two full -time body guards

The salary allowances and benefits of the political office - bearers are within the upper limits of the framework prescribed by Sec 219 of Constitution.

Executive Mayor: Nhi Konza				
Salary	333 172	314 312	333 172	314 312
Cell phone Allowances	15 651	22 126	15 651	22 126
Travel Allowance	109 231	129 771	109 231	129 771
Housing Allowance	225 000	383 034	225 000	383 034
3G Allowance	2 700	3 300	2 700	3 300
Back pay	-	37 097	-	37 097
	685 754	889 640	685 754	889 640
Speaker: S. Janda				
Salary	232 418	271 803	232 418	271 803
Cell phone Allowances	15 651	20 625	15 651	20 625
Travel Allowance	-	6 175	-	6 175
Housing Allowance	301 500	383 714	301 500	383 714
3G Allowance	2 700	3 300	2 700	3 300
Back pay	-	29 678	-	29 678
	552 269	715 295	552 269	715 295
Clir Jacobs				
Salary	502 805	470 673	502 805	470 673
Cell phone Allowances	20 868	20 868	20 868	20 868
Travel Allowance	167 603	156 891	167 603	156 891
3G Allowance	3 600	3 600	3 600	3 600
Back pay	21 027	27 823	21 027	27 823

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
	715 903	679 855	715 903	679 855
Cllr T Xundu - Kubukeli				
Salary	-	143 715	-	143 715
Cell phone Allowances	-	12 173	-	12 173
Travel Allowance	-	47 905	-	47 905
Housing Allowance	-	169 050	-	169 050
3G Allowance	-	2 100	-	2 100
Back pay	-	21 640	-	21 640
	-	396 583	-	396 583
Cllr EB Madikane				
Salary	502 805	470 673	502 805	470 673
Cell phone Allowances	20 868	20 868	20 868	20 868
Travel Allowance	167 603	156 891	167 603	156 891
Housing Allowance	-	-	-	-
3G Allowance	3 600	3 600	3 600	3 600
Back pay	21 027	27 823	21 027	27 823
	715 903	679 855	715 903	679 855
Cllr SB Mtintsilana				
Salary	546 019	470 673	546 019	470 673
Cell phone Allowances	21 449	20 868	21 449	20 868
Travel Allowance	128 681	156 891	128 681	156 891
3G Allowance	3 600	3 600	3 600	3 600
Back pay	33 908	27 823	33 908	27 823
	733 657	679 855	733 657	679 855
Cllr. B Melitafa				
Salary	286 405	249 079	286 405	249 079
Cell phone Allowances	20 868	20 868	20 868	20 868
Travel Allowance	84 000	81 411	84 000	81 411
Housing Allowance	300 000	297 075	300 000	297 075
3G Allowance	3 600	3 600	3 600	3 600
Back pay	21 027	27 823	21 027	27 823
	715 900	679 856	715 900	679 856
Cllr. P Billie				
Salary	-	270 502	-	270 502
Cell phone Allowances	-	12 173	-	12 173
Travel Allowance	-	90 167	-	90 167
3G Allowance	-	2 100	-	2 100
Back pay	-	21 640	-	21 640
	-	396 582	-	396 582
Cllr. M Papu				
Salary	-	273 654	-	273 654
Cell phone Allowances	-	20 868	-	20 868
Travel Allowance	-	90 141	-	90 141
Housing Allowance	-	231 000	-	231 000
3G Allowance	-	3 600	-	3 600
Back pay	-	27 823	-	27 823
	-	647 086	-	647 086
Cllr. M Memani				
Salary	502 805	470 673	502 805	470 673
Cell phone Allowances	20 868	20 868	20 868	20 868
Travel Allowance	167 603	156 891	167 603	156 891
3G Allowance	3 600	3 600	3 600	3 600
Back pay	21 027	27 823	21 027	27 823
	715 903	679 855	715 903	679 855
Cllr. P Finca				
Salary	458 268	470 673	458 268	470 673
Cell phone Allowances	20 868	20 868	20 868	20 868
Travel Allowance	167 603	156 891	167 603	156 891
3G Allowance	3 600	3 600	3 600	3 600
Back pay	21 027	27 823	21 027	27 823
	671 366	679 855	671 366	679 855
Cllr. S Genu				
Salary	322 404	297 059	322 404	297 059
Cell phone Allowances	20 868	20 868	20 868	20 868
Travel Allowance	108 000	100 404	108 000	100 404
Housing Allowance	240 000	230 100	240 000	230 100
3G Allowance	3 600	3 600	3 600	3 600
Back pay	21 027	27 823	21 027	27 823
	715 899	679 854	715 899	679 854
Cllr. M Bikitsha				
Salary	226 404	195 097	226 404	195 097
Cell phone Allowances	20 868	20 868	20 868	20 868
Travel Allowance	72 000	65 417	72 000	65 417
Housing Allowance	372 000	367 050	372 000	367 050
3G Allowance	3 600	3 600	3 600	3 600
Back pay	21 027	27 823	21 027	27 823
	715 899	679 855	715 899	679 855
Cllr. N Mgidlana				
Salary	502 805	146 126	502 805	146 126
Cell phone Allowances	20 868	21 440	20 868	21 440
Travel Allowance	-	33 384	-	33 384
Housing Allowance	167 603	108 773	167 603	108 773
3G Allowance	3 600	3 699	3 600	3 699
Back pay	21 027	24 595	21 027	24 595

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
	715 903	338 017	715 903	338 017
Cllr. Nyalambisa				
Salary	375 414	212 846	375 414	212 846
Cell phone Allowances	15 651	21 440	15 651	21 440
Travel Allowance	125 139	75 438	125 139	75 438
3G Allowance	2 700	3 699	2 700	3 699
Back pay	-	24 595	-	24 595
	518 904	338 018	518 904	338 018
Cllr. SM Zuka				
Salary	502 805	73 731	502 805	73 731
Cell phone Allowances	20 868	5 789	20 868	5 789
Travel Allowance	167 603	29 947	167 603	29 947
3G Allowance	3 600	1 047	3 600	1 047
Back pay	21 027	16 110	21 027	16 110
	715 903	126 624	715 903	126 624

On the 27th of March 2015 the following Mayoral Committee Members were appointed :
Councillor N. Mgidlana, S . Zuka and N.Nyalambisa in replacement of M. Papu, T Kubukeli and P.Billie

Agency's Directors' remuneration: Non - Executive				
Board Members				
Ms. NEP Loyilane Chairperson resigned in June 2016	78 235	149 813	-	-
Mr. M. July - Deputy Chairperson	152 863	-	-	-
Ms. T. Buswana	92 551	-	-	-
Mr. M.Metuse	48 000	-	-	-
Mr. N. Mbende	152 155	-	-	-
Dr. V. Mkosana	-	181 108	-	-
Mr. S. Mpambani	-	67 833	-	-
Mr. A Qunta	40 500	119 500	-	-
Mr. O. Sipuka	30 950	-	-	-
Mr. M. Mana	92 291	-	-	-
Mr. Mosehana	54 370	-	-	-
Ms. S Madala	-	241 593	-	-
Mr. S Mabandla	-	243 518	-	-
Mr. M. Nkwentsha	48 360	-	-	-
Mrs. F Hluyo - Mushohwe	54 500	-	-	-
	844 775	1 003 365	-	-
Agency Audit Committee non Director Members				
Mr. S Mbewu	-	47 465	-	-
Mr. MS Panicker	-	64 401	-	-
	-	111 866	-	-
34. Depreciation and amortisation				
Property, plant and equipment	100 218 318	91 102 796	100 034 420	90 856 216
Property, plant and equipment	99 461 260	90 757 606	99 289 407	90 544 824
Intangible assets	392 775	414 529	380 730	380 731
Investment property	364 283	(69 339)	364 283	(69 339)
	100 218 318	91 102 796	100 034 420	90 856 216
35. Finance costs				
Total finance costs	42 260 635	31 028 407	42 186 776	31 001 620
Finance leases	349 363	55 984	349 363	55 984
Employee benefit obligation	19 473 144	17 437 189	19 473 144	17 437 189
VAT interest	29 131	154 254	29 131	154 254
Interest overdue accounts	109 348	29 832	35 489	3 045
interest expense - external borrowings	22 299 649	13 351 148	22 299 649	13 351 148
	42 260 635	31 028 407	42 186 776	31 001 620

The finance costs comparative has been restated refer Note 47

36. Debt Impairment				
Contributions to debt impairment provision	162 127 101	154 873 868	162 127 101	154 873 868
Staff debt	12 248	-	-	-
Blueberry project debtor	390 981	-	-	-
	162 530 330	154 873 868	162 127 101	154 873 868

The blueberry project debtor is VAT input on project expenses denied by SARS and could not be recovered from Rural Development and it thus written off on 30 June 2016 per Board resolution.
Refer to note 13 included in receivables from exchange transaction.

37. Bulk purchases				
Water	89 173 581	57 572 563	89 173 581	57 572 563
38. Contracted services				
Contractual amounts				
Office equipment	901 812	244 226	819 095	244 226
Accommodation	29 648 532	25 526 286	28 864 299	25 526 286
Parking	3 492 744	2 201 975	3 492 744	2 201 975
Motor Vehicles	-	66 080	-	66 080
	34 043 088	28 038 567	33 176 138	28 038 567
39. General expense				
Audit fees	3 953 469	4 669 913	3 229 105	4 063 574
Accounting fees	-	10 887	-	-
Advertising	467 596	1 430 280	435 174	1 323 526
Assessment rate & municipal charges	205 850	718 049	205 850	718 049
Audit committee	782 250	518 250	782 250	518 250
Bank Charges	300 661	279 883	255 712	242 556
Cleaning	136 597	55 745	115 000	30 695

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
Gifts	1 524 516	429 430	1 524 516	429 430
Database expenses	466 380	287 308	466 380	287 308
Consulting and professional fees	17 843 511	36 920 144	17 454 795	36 194 075
Consumables	551 444	1 511 728	548 059	1 511 728
Pit latrine clearance	795 065	9 770 603	795 065	9 770 603
Delegated management	549 147	1 322 943	549 147	1 322 943
Rentals: VPN lines	1 260 714	1 797 661	1 260 714	1 797 661
Live stock improvements	2 385 607	34 200	2 385 607	34 200
Entertainment	1 355 845	3 833 914	1 351 069	3 819 841
Public participation	1 152 564	1 945 950	1 152 564	1 945 950
Fire services	21 106	7 204	21 106	7 204
Training and workshops	2 167 073	7 781 788	1 974 551	7 461 211
Grants in aid	688 241	630 140	688 241	630 140
Administration costs	3 126 233	5 670	3 126 233	5 670
Hiring costs	4 707 693	7 529 556	4 707 693	6 556 751
Insurance	1 389 084	6 170 219	1 299 216	6 081 543
Community based organisation	15 203 383	29 200 180	15 203 383	29 200 180
Conference and seminars	446 126	1 535 712	446 126	1 535 712
International programmes	813	427 354	813	427 354
Software and computer expenditure	10 368 057	12 921 035	10 326 838	12 805 677
Emergency provisions	306 332	1 996 064	306 332	1 996 064
Marketing	839 697	2 661 803	839 697	2 622 393
Recruitment expenditure	295 777	1 062 155	227 355	749 745
IGR Learnership and programmes	111 735	161 806	111 735	161 806
Water research levy	1 424 250	1 254 336	1 424 250	1 254 336
Books and Publications	221 160	24 078	221 160	24 078
Solid waste site costs	1 984 193	3 374 285	1 984 193	3 374 285
Skills Development Levy	4 749 799	4 462 363	4 749 799	4 462 363
Sampling and testing	987 538	1 007 013	987 538	1 007 013
Fumigation	34 800	20 422	34 800	20 422
Conditional grant expenditure	32 818 792	329 871 305	44 130 792	336 165 854
Communication	316 751	1 175 167	316 751	1 175 167
Whippery	74 200	84 145	74 200	84 145
Postage and courier	2 272 479	1 966 240	2 268 907	1 961 849
Printing and stationery	2 063 724	6 269 096	1 959 559	6 058 805
Protective clothing and uniforms	2 755 965	7 017 900	2 755 965	7 017 900
Tools	57 182	323 473	57 182	323 473
Licenses and subscriptions	469 045	790 144	441 205	745 698
Security services	24 807 721	21 127 353	24 786 821	21 107 866
Bulk purchases : general expenses	-	2 850	-	-
Employee welfare	2 944 470	5 914 710	2 919 246	5 884 753
Membership fees	6 479 036	6 979 051	6 479 036	5 863 821
Telephone and fax	3 723 792	4 060 547	3 451 979	3 773 339
Transport and freight	17 192 310	35 527 318	17 192 310	35 527 318
Bursary for rare skills	(19 321)	365 052	(19 321)	365 052
Subsistence and Travel	13 940 637	21 408 588	13 586 916	20 780 703
Stipend Volunteers	-	1 396 633	-	1 396 633
Project management	67 460	4 153 963	-	237 684
Refreshments	2 212 921	2 854 793	2 212 921	2 809 967
Electricity, Water and refuse	27 638 629	31 482 831	27 591 378	31 443 803
Performance management system	40 000	35 000	40 000	35 000
Offsite storage	-	43 445	-	43 445
Stores and materials	2 543	114 626	2 543	114 626
Interest and penalties	-	26 787	-	-
Food control	11 800	1 451 346	11 800	1 451 346
Annual report	-	114 145	-	-
Campaigns and promotions	1 793 508	2 384 013	1 777 043	2 334 377
Advisory forums	-	17 119	-	17 119
Amathole Economic Development Agency	-	-	18 521 350	16 680 858
Annual event	584 816	1 225 831	584 816	1 225 831
Job evaluation expenditure	-	50 000	-	50 000
Housing inventory	17 370	80 928	17 370	80 928
Special programmes	21 200 992	28 980 162	21 200 992	28 980 162
Disposal of the dead	50 088	162 946	50 088	162 946
Meeting costs	3 306 345	2 287 125	3 306 345	2 287 125
Oversight committee	215 714	435 823	215 714	435 823
Chemicals	12 455 837	10 297 201	12 455 837	10 297 201
Consultative forums	401 502	504 960	401 502	504 960
Property only	-	13 902	-	13 902
	262 700 614	678 766 589	289 983 313	691 833 815

General expenditure comparative figure was restated. Refer to Notes 47 and 48

40. Auditors' remuneration

Fees paid	3 953 469	4 635 761	3 229 105	4 063 574

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
41. Cash generated from operations				
Surplus	282 188 334	248 255 741	281 727 715	248 117 472
Adjustments for:				
Depreciation and amortisation	100 218 318	91 102 796	100 034 420	90 856 216
Provision paid	-	(500 426)	-	(500 426)
Gain (loss) on sale of asset and liabilities	9 212 426	5 679 773	9 215 107	5 698 121
Finance costs	7 086 607	13 351 148	7 086 607	13 351 148
Interest income	-	(1 385 117)	-	(1 385 117)
Debt impairment	162 127 101	154 873 868	162 127 101	154 873 868
Movement in operating lease assets and accruals	-	25 151	-	-
Movement in retirement benefit assets and liabilities	25 557 697	26 133 747	25 557 697	26 133 747
Movement in provision	1 380 788	(2 432 595)	1 380 788	(2 432 595)
Actuarial gain and loss defined benefit	(15 885 466)	-	(15 885 466)	-
Movement in tax receivable and payable	361 811	(650 220)	-	-
Changes in working capital:				
Inventories	(1 545 752)	(2 619 845)	(1 545 752)	(2 619 845)
Receivables from exchange transactions	42 465 468	(23 691 359)	42 465 468	(23 691 359)
Consumer debtors	(162 127 101)	(154 873 868)	(162 127 101)	(154 873 868)
Other receivables from non-exchange transactions	11 362 413	(12 405 804)	10 866 743	(12 377 586)
(Decrease)/increase in revenue retained from non exchange transactions	-		-	-
Payables from exchange transactions	(79 777 171)	163 720 372	(77 450 309)	160 696 378
VAT	62 508 222	(64 305 236)	61 835 841	(64 004 769)
Taxes and transfers payable (non exchange)	7 392 370	(5 651 074)	7 392 370	(5 651 074)
Unspent conditional grants and receipts	(2 164 542)	2 135 652	(3 325 114)	(5 790 706)
Increase in long term debtors for MIG grant	-	(286 320 150)	-	(286 320 150)
	450 361 523	150 442 554	449 356 115	140 079 455

42. Current tax receivable

South African normal tax				
Income tax rate	28%	28%		
Balance at beginning of the year	653 431	286 608	-	-
Current tax for the year recognised in surplus or deficit	-	-	-	-
Paid during the year	(373 349)	236 381	-	-
Interest	11 539	15 230		
Prior year adjustment tax refund	-	115 212		
Current tax for the year recognised in surplus or deficit	(191 920)			
Balance at end of the year	99 701	653 431	-	-

The current tax receivable comparative figure was restated refer Note 47

43. Financial instruments disclosure

Categories of financial instruments

Group - 2016

Financial assets	At amortised cost	Total
Non - current receivables	1 712 595	1 712 595
Current portion of non current receivables	125 597 660	125 597 660
Trade and other receivables from exchange transactions	74 935 788	74 935 788
Other receivables from non-exchange transactions	9 358 261	9 358 261
Cash and cash equivalents	147 675 208	147 675 208
	359 279 512	359 279 512

Financial liabilities	At amortised cost	Total
Trade and other payables from exchange transactions	270 471 734	270 471 734
Interest bearing borrowing; DBSA	132 684 268	132 684 268
	403 156 002	403 156 002

Group - 2015

Financial assets	At amortised cost	Total
Non - current receivables	128 859 696	128 859 696
Current portion of non current receivables	159 001 792	159 001 792
Trade and other receivables from exchange transactions	92 212 711	92 212 711
Other receivables from non-exchange transactions	20 720 674	20 720 674
Cash and cash equivalents	220 484 983	220 484 983
	621 279 856	621 279 856

Financial liabilities	At amortised cost	Total
Trade and other payables from exchange transactions	347 465 505	347 465 505
Interest Bearing Borrowing : DBSA	299 671 298	299 671 298
	647 136 803	647 136 803

Municipality - 2016

Financial assets	At amortised cost	Total
Non - current receivables	1 712 595	1 712 595
Current portion of non current receivables	125 597 660	125 597 660

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R
Trade and other receivables from exchange transactions			74 935 788	74 935 788
Other receivables from non-exchange transactions			9 273 992	9 273 992
Cash and cash equivalents			131 364 632	131 364 632
			342 884 667	342 884 667

Financial liabilities			At amortised cost	Total
Trade and other payables from exchange transactions			269 077 382	269 077 382
Interest bearing borrowings: DBSA			132 684 268	132 684 268
			401 761 650	401 761 650

Municipality - 2015			At amortised cost	Total
Financial assets				
Non - current receivables			128 859 696	128 859 696
Current portion of non current receivables			159 001 792	159 001 792
Trade and other receivables from exchange transactions			92 212 711	92 212 711
Other receivables from non-exchange transactions			20 140 735	20 140 735
Cash and cash equivalents			205 045 741	205 045 741
			605 260 675	605 260 675

Financial liabilities			At amortised cost	Total
Trade and other payables from exchange transactions			343 744 290	343 744 290
Interest Bearing Borrowing : DBSA			299 671 298	299 671 298
			643 415 588	643 415 588

44. Commitments
Authorised capital expenditure
Already contracted for but not provided for

• Infrastructure	686 162 817	1 214 598 513	686 162 817	1 214 598 513
• Community	22 717 081	45 165 501	20 693 844	31 980 419
• Other - Land and Buildings	3 271 801	5 912 994	3 271 801	5 912 994
	712 151 699	1 265 677 008	710 128 462	1 252 491 926
This expenditure will be financed from				
• Government Grants	637 122 867	1 121 508 748	635 099 630	1 108 323 666
• Own Resources	75 028 832	144 168 260	75 028 832	144 168 260
	712 151 699	1 265 677 008	710 128 462	1 252 491 926

The commitments comparative figure has been restated refer **Note 48**

Operating leases - as lessee (expense)

Minimum lease payments due				
- within one year	37 828 027	34 123 170	37 536 577	33 233 230
- in second to fifth year inclusive	14 643 499	44 035 564	14 643 499	43 740 593
	52 471 526	78 158 734	52 180 076	76 973 823

Operating lease payments represent rentals payable by the group for certain of its office properties and equipment. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

Operating leases - as lessor (income)

Minimum lease payments due				
- within one year	178 047	80 572	178 047	80 572
- in second to fifth year inclusive	388 538	276 315	388 538	276 315
- later than five years	28 608	10 257	28 608	10 257
	595 193	367 144	595 193	367 144

Operating Leases consists of the following:
Operating lease payments represent rentals receivable by the Municipality for certain of its properties situated in Stutterheim, Komga, Cathcart, Adelaide and Macleantown.
No contingent rent is payable.

Leases are negotiated for an average of 6 years and rentals escalate by an average of 12% annually.

45. Contingencies
Contingent liabilities
Legal claims

Five legal claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful is disclosed.
The timing of the legal proceedings regulating the claims is uncertain.

Legal disputes relate to:
Compensation for goods delivered by suppliers

The municipality is disputing claims by suppliers for goods delivered	100 572 968	-	100 572 968	-
	19 094	19 094	19 094	19 094

The municipality has been sued in respect of a vehicle that was taken to the complainant to be repaired by Nkonkobe Local Municipality years ago and was never collected. There is uncertainty as to who actually owns the vehicle in question. The municipality is being sued for storage fees. Default judgement was granted against ADM and a Warrant of Execution was issued.

Compensation for work performed by a contractor

	1 323 586	1 323 586	1 323 586	1 323 586

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	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

The claim is in respect of services rendered in the amount of R 1 323 586. The entity performed poorly but were nonetheless paid proportionately in terms of the agreement. Exceptions have been raised . The matter is not progressing.

Cession agreement

	-	27 225	-	27 225

Legal action has been instituted against the municipality in respect of a cession agreement which the plaintiff claims that the municipality is indebted to it for. Matter postponed to allow settlement out of court.

Labour dispute

Further fees	100 000	-	-	-
Employee's claim	220 080	-	-	-
	320 080	-	-	-

The employee has been dismissed for misconduct and has instigated this case against the Agency with the CCMA

Total contingent liabilities	**102 235 728**	**1 369 905**	**101 915 648**	**1 369 905**

Contingent assets

The following contingent assets have been disclosed and not recognised as the outcome is dependent on a legal ruling.

Non -performance on a contract	500 595	500 595	500 595	500 595

The municipality has instituted legal action against a contractor and its surety. The municipality and its lawyers are of the opinion that the litigation is likely to be in the municipality's favour. The timing of the legal proceeding regulating the above in uncertain.

Compensation for work performed by contractor	3 310 894	3 310 894	3 310 894	3 310 894

The municipality has been settled the payment of outstanding amounts claimed in relation to the construction of RDP houses. The municipality expects the recovery of the amounts construction of RDP houses. The municipality expects the recovery of the amounts from the Eastern Cape Department of Human Settlements.

Breach of contract	1 198 370	1 198 370	1 198 370	1 198 370

The municipality instituted legal action against a contractor for damages related to breach of contract as a result of the contractors abandonment of the project. The municipality and its lawyers are of the opinion that the litigation is likely to be in the municipality's favour. The timing of the legal proceedings regulating the above is uncertain.

Claims for RSC levies and Water and Sanitation

	73 513	35 299	73 513	35 299
	10 527	59 865	10 527	59 865
	25 688	25 688	25 688	25 688
	40 748	80 646	40 748	80 646
	35 169	103 683	35 169	103 683
	85 563	-	85 563	-
	271 208	305 181	271 208	305 181
	5 281 067	5 315 040	5 281 067	5 315 040
Total contingent assets	5 281 067	5 315 040	5 281 067	5 315 040

46. Related parties
Relationships
Controlled entities Refer to note 8

Related party transactions
Shared internal audit services

General Manager	-	-	20 122	-
Senior Manager	-	-	25 230	-
Internal Audit Manager	-	-	21 721	-
Fees paid to Audit Committee Members				
L. Smith	-	-	48 750	-
M. Sibam	-	-	38 250	-
P . Zitumane	-	-	27 750	-
Acting Allowance paid to (received from) personnel seconded to ASPIRE from February to June				
L. Hanabe (Acting CEO)	-	-	398 940	-
S. Kweleta (Acting CFO)	-	-	379 175	-
Administration fees paid to (received from) related parties				
Amathole Economic Development Agency (ASPIRE)	-	-	18 521 350	18 810 000
Neighbourhood Development Programme Grant				
NDPG	-	-	11 312 000	12 832 980
ADM to ASPIRE				
Emthonjaneni Projects	-	-	-	180 585
Funding for projects	-	-	-	5 700 000

Co-operative Development Centre

Operational funds

The Amathole Economic Development Agency was established 1 September 2005

Place of Incorporation: South Africa

Principal Activity: To promote local economic development in the Amathole Municipal District Area.

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	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

Key management information

47. Prior period errors

Receivables from exchange transactions

On 1 July 2006 the municipality assumed responsibility for the provision of water and sanitation services as required by Government Notice 849 issued in terms of section 84(3)(a) of the Municipal Structures Act, 1998 (Act No. 117 of 1998).The municipality is continually checking the accuracy of its debtors database. The municipality is continually checking the accuracy of its debtors database. During previous years, consumer accounts taken over from the local municipalities were incorrect. Hence revenue was incorrectly recognised. The error was corrected in the current financial year and was adjusted retrospectively by an amount of R3 086 626. Refer to note 13

Investment Property

During the current financial year, an identification, verification and valuation exercise was performed by an independent valuer of all the municipality's properties. Additional land parcels were identified that were not recognised on the property register.

This error was corrected in the current year and adjusted retrospectively. The Investment Property was increased retrospectively by an amount R54 769 225. Refer to note 4.

Property plant and Equipment

During the current financial year, property, plant and equipment was adjusted. Refer to Note 5. Property , plant and equipment was increased retrospectively by an amount of R 4 973 537.

Unspent Conditional Grant

Correction of Accruals R1 328 656 not raised for the recognition of revenue on conditional grants and correction of prior year accruals R15 759 not raised for project expenditure on the Adopt a Spot grant. Refer Note 18

Current Tax Receivable

Correction of income tax refunded R115 211 not recorded in the prior year. Refer Note 21.

The correction of the error(s) results in adjustments as follows:

Statement of financial position				
Decrease in Trade and other receivables from exchange transactions	-	(3 086 628)	-	(3 086 628)
Increase in Investment Property : Cost	-	54 718 000	-	54 718 000
Increase in Property ,plant and equipment : Land	-	8 447 672	-	8 447 672
Decrease in Property, plant and equipment: Buildings	-	(2 885 496)	-	(2 885 496)
Increase in Property, plant and equipment: Infrastructure Assets	-	1 657 540	-	1 657 540
Increase in Property ,plant and equipment : Community Assets	-	377 896	-	377 896
Decrease in Property, plant and equipment: work in process	-	(1 249 882)	-	(1 249 882)
Increase in Property, plant and equipment: Finance lease assets	-	462 604	-	462 604
Decrease in accumulated depreciation : Investment property	-	51 228	-	51 228
Increase in accumulated depreciation : Buildings	-	(3 272 867)	-	(3 272 867)
Decrease in accumulated depreciation : Infrastructure assets	-	1 557 161	-	1 557 161
Decrease in accumulated depreciation : Community Assets	-	144 000	-	144 000
Decrease in accumulated depreciation : Financed leased assets	-	(265 091)	-	(265 091)
Decrease in unspent conditional grants	-	1 312 897	-	-
Increase in current tax receivable	-	(115 211)	-	-
Total	-	57 853 823	-	56 656 137
Statement of Financial Performance				
Increase in General expenditure		22 815		
Increase in Grant income	-	(1 312 897)	-	-
Decrease in Finance costs	-	(22 815)		
Decrease in Taxation		115 211		
Total	-	(1 197 686)	-	-
Net increase in the accumulated surplus	-	56 656 136	-	56 656 136

48. Comparative figures

The comparative figure for employee related costs and general expenditure was restated due to misallocation of expenditure between these expenditure line items. Refer to note 32 and Note 39.

The figures have been restated as follows :				
Increase in Employee cost	-	(24 467)	-	(24 467)
Decrease in General expenditure	-	24 467	-	24 467
	-	-	-	-

The comparative figure for capital commitments was restated due to errors identified in the contractual amounts and related expenditure. The restatement only impacts disclosure and thus has no effect on the statement of Financial Position and Performance. The Capital commitment decreased by R 337 583. Refer to note 44

49. Risk management

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Exposure to these risks arise in the normal course of the municipality's operations.

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	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

The Accounting Officer has the overall responsibility for the establishment and oversight of the Municipality's risk management framework. The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and reflect changes in the market conditions and the municipality's activities. Policies are approved by the Council. The Council has established a Risk Management Committee, which is responsible for developing and monitoring the municipality's risk management.

Liquidity risk
Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due.
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

On average 48% (2015: 42%) of receivable (own billed) income is realised within 30 days after the due date and payables are settled within 30 days of receipt of the invoice. National and Provincial grant funding is received in terms of the Division of Revenue Act (DoRA).
There has been significant change during the financial year, or since the end of the financial year, to the municipality's exposure to liquidity risk, the approach of measurement or the objectives, policies and processes for managing this risk.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The impact of discounting is not significant.

Group	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and later than five years	Total
At 30 June 2016					
Trade and other payables	123 923 764	-	146 547 966		270 471 730
Other	-	-	3 629 561		3 629 561
Gross finance leases	243 733	731 199	1 949 864	470 566	3 395 362
	124 167 497	731 199	152 127 391	470 566	277 496 653

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and later than five years	Total
At 30 June 2015					
Trade and other payables	235 304 648	-	112 160 857	-	347 465 505
Other	-	-	2 432 596	-	2 432 596
Gross finance leases	17 935	53 806	143 483	101 400	316 624
	235 322 583	53 806	114 736 936	101 400	350 214 725

Municipality	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and later than five years	Total
At 30 June 2016					
Trade and other payables	123 923 764	-	145 153 618	-	269 077 382
Other	-	-	3 629 561	-	3 629 561
Gross finance leases	243 733	731 199	1 949 864	470 566	3 395 362
	124 167 497	731 199	150 733 043	470 566	276 102 305

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and later than five years	Total
At 30 June 2015					
Trade and other payables	235 304 648	-	108 439 642	-	343 744 290
Other	-	-	2 432 596	-	2 432 596
Gross finance leases	17 935	53 806	143 483	101 400	316 624
	235 322 583	53 806	111 015 721	101 400	346 493 510

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.
Financial assets that potentially subject the municipality to credit risk, consist primarily of cash deposits, cash equivalents, short term deposits, loans and receivables, investments and trade and other receivables.
Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Investments and borrowing
To manage credit risk in borrowing and investing, the municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions and by spreading its exposure over a range of such institutions in accordance with its investment policies approved by Council. The municipality determines concentrations of credit risk by reference to major counterparties. Counter-parties comprise larger South African banks with high quality credit ratings. Consequentially the municipality does not consider there to be any significant exposure to credit risk.

Loans receivable
Loans are granted and managed in accordance with policies and regulations as set out in Note The associated interest rates

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

and repayments are clearly defined and where appropriate, the municipality obtains certain suitable forms if security when granting loans. Allowances for impairment are made in certain instances.

Cash and cash equivalents
The municipality limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating and within specific guidelines set in accordance with Council's approved investment policy.
Consequently the municipality does not consider there to be any significant exposure to credit risk.

Receivables
Receivables are amounts owing by consumers and presented net of impairment losses. The municipality has a credit control and debt collection policy in place, and the exposure to credit risk is monitored on an ongoing basis. the municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.
The municipality's strategy for managing its risk includes encouraging residents to install water management devices that control water flow to households. In certain instances, a deposit is required for new service connections, serving as a guarantee. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographic area. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables.
The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime on any unpaid accounts after the due dates. The municipality has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in Note 13.
Consumer debtors with a demonstrative inability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make provision for such relief.

Maximum exposure to credit risk
The carrying amount of financial asset, represent the municipality's exposure to credit risk in relation to these assets.
The municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk ,the approach of measurement or the objectives, policies and processes for managing this risk.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument Group				
Cash and cash equivalents	147 675 208	220 484 983	131 364 632	205 045 741
Receivables from exchange transactions	74 935 788	92 212 711	74 935 788	92 212 711
Receivables from non - exchange transactions	9 358 261	20 720 674	9 273 992	20 140 735
Other non- current financial assets	127 310 255	287 861 488	127 310 255	287 861 488

Market risk

Interest rate risk
The municipality's activities expose it primarily to the risks of fluctuations in interest rate.
Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how surplus and/or net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.
At year end financial assets exposed to interest rate risk were as follows:
Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/deficit.
Investments at fixed interest rates.
Trade receivables in arrears are linked to the South African prime rate.
Loans granted are linked to a fixed rate of interest.
Surplus funds are invested with banks for fixed terms on fixed interest rates not exceeding one year. For details refer to Note

At year end, financial liabilities exposed to interest rate risk were as follows:
Finance leases linked to the South African prime rate and DBSA loan is fixed.
Management manages interest rate risk by negotiating beneficial rates.

Interest rate sensitivity analysis

Financial Assets
At 30 June 2016, if interest rates at that date had been 50 basis points higher, with all other variables constant, the effect on the statement of financial performance would have been R129 103 (2015: R265 725) with the opposite effect if the interest rate had been 50 basis points lower.

Financial liabilities
At 30 June 2016, if interest rates at that date had been 50 basis points higher, with all other variables constant, the effect on the statement of financial performance would have been R495 (2015: R280) with the opposite effect if the interest rate had been 50 basis points lower.

Foreign exchange risk
The municipality was not a direct party any outstanding forward exchange contract at the reporting date. The movement in the currency was not material to the municipality's procurement and, consequently, is not elaborated on any further.

50. Events after the reporting date

Municipal Elections

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	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

The municipal elections were held on 3 August 2016, as a result of these elections , the Amathole District Municipality held an inauguration meeting for its new Executive Mayor, Speaker, Chief Whip, Mayoral Committee and Council members on 23 August 2016.

Amalgamation

As a result of the re-determination of boundaries in terms of section 21 of the Local Government. Municipality Demarcation act, 1998 (Act no. 27 of 1998), certain municipalities were dis-established and their former areas of jurisdiction merged under new municipalities were established. The new municipalities were established, and the former municipalities dis-established with effect from the date of the municipal elections, being 03 August 2016. The Nkonkobe Local Municipality and the Nxuba Local Municipality were thus amalgamated to form the new Raymond Mhlaba Local Municipality. In the 2016/17 financial year the Amathole District Municipality now only has six local municipalities within its demarcated area.

51. Unauthorised expenditure

Opening balance	14 439 250	12 092 000	12 092 000	12 092 000
Current year unauthorised expenditure	7 464 188	2 347 250	7 035 968	-
Unauthorised expenditure written off	(12 092 000)	-	(12 092 000)	-
	9 811 438	14 439 250	7 035 968	12 092 000

The operational budget was exceeded at vote level by R 697 374 for Legislative and executive support services on employee costs and R 5 172 132 for Corporate services due to an increase in depreciation charges at year end and rental payments, however the total budget at institutional level was not overspent. Capital budget was exceeded on MIG by R 192 614, MWIG R 677 144 and War on Leaks R 296 703 .

The expenditure vote at departmental level for 2013/14 was exceeded by R 12 092 000 hence the prior amount of the unauthorised expenditure has been adjusted. This expenditure was approved by Council on 24 July 2015.

During the 2015/16 financial year the Agency incurred an amount of R428 220 in respect of a settlement amount paid to a supplier. The extension of scope on the contract was not communicated to the funder thus additional funding was not received from funder.

52. Fruitless and wasteful expenditure

Opening balance	4 456 639	944 219	1 222 466	898 024
Fruitless and wasteful expenditure current year	316 977	3 512 420	252 849	324 442
	4 773 616	4 456 639	1 475 315	1 222 466

Incident
During the 2015/16 financial year, interest was incurred for First Auto of R35 489.
During the 2015/16 financial year ,there was interest incurred for an amount R90 512 and R97 718 for late insurance payment.
During the 2015/16 financial year ,there was interest incurred for an amount R29 130 to SARS as a result of VAT audit.
During the 2014/15 financial year ,there was interest incurred for an amount R70 478 and penalties of R83 776 to SARS as a result of VAT audit. This is a recent matter that requires investigation by the Municipal Manager to determine if any official should be held responsible.
During the 2014/15 financial year, there was incorrect payment made to the service provider for an amount of R27 500.This is a recent transaction. The matter is being investigated to determine who the responsible official is in this regard.

During the 2014/15 financial year ,there was a late payment of PAYE,SKILLS and UIF to SARS incurring interest of R25 082.A report has been submitted providing reasons why this interest was incurred. No official can be held responsible for this matter according to the report and a submission will be made to Council to write off the expense.
During the 2014/15 financial year, an ADM official utilised an ADM vehicle without a trip authority, towing services were procured amounting to R103 093.The expenditure is being recovered from the responsible official .There will be no need to request Council to write off the expenditure as it is in the process of being recovered.
During the 2013/14 financial year, interest and penalties of R403 823 were paid to SARS as a result of a VAT audit. Interest of R32 305 was incurred on late payments during 2013/14. Both instances are still under investigation.

During the 2013/14 financial year , there was interest incurred on late payment to Aloe Travel for an of R3 478.The official responsible for incurring this expenditure is no longer with the municipality and a request to write off the expenditure will be submitted to Council.
During the 2012/13 financial year, there was interest on late payment to First Auto of R11 035.The matter is currently under investigation to determine who is responsible for incurring this expenditure.
During the 2012/13 financial year, three instances of late payment incurring interest were incurred, being R7617, R302 and R9 603 respectively. The ADM is investigating all the matters of late payment and will recover any costs if necessary.
An amount of R2 for interest on late payment to the Cape Joint Fund was incurred during May 2012. The matter is under investigation.
During 2011/12 financial year, interest of R43 963 was incurred on accounts due. This was as a result of a dispute logged regarding previously charged interest and fees. The dispute was never resolved, yet the interest kept on accumulating on the amount in dispute. This matter is currently under investigation.
During 2010/11, interest of R714 was incurred on late payment. The ADM has investigated the matter. Awaiting Council resolution for the condonation of this matter on 31 August 2012.

During the 2009/10 financial year, rental costs of R91 835, R88 803 and R184 207 were incurred for the 9th, 14th and ground floors respectively at Caxton House. The matter is awaiting for Council approval.
A payment of R34 830 was made to a contractor for interest incurred on construction. The interest was to be paid per the ruling of the Mediator.
The ADM is to investigate the matter and recover any costs if necessary.

During the 2015/16 financial year the Agency incurred interest from the late payment of R34 351 for the September 2015 EMP 201 and R29 777 for the January 2016 EMP 201. The late payment was as a result of cash flow constraints experienced.

53. Irregular expenditure

Opening balance	292 646 381	546 238	288 537 590	546 238
Add: Irregular Expenditure	1 929 929	292 646 381	1 879 633	288 537 590
Less: Amounts written off by Council	(288 279 522)	(546 238)	(288 279 522)	(546 238)
	6 296 788	292 646 381	2 137 701	288 537 590

Incident
During the 2015/16 an amount R28 932 and R29 500 relate to the service providers not registered
During the 2015/16 an amount of R1 327 748 was overpaid.
During the 2014/2015 financial year Audit , an amount of R3 532 and R7 293 was deemed irregular by AG as there was no evidence provided that the procurement process of requesting three quotations was followed to procure catering services .
During the 2014/2015 financial year Audit , an amount of R170 248 was deemed irregular by Auditor General, as the reasons cited for utilising the deviation process, namely Single Source Bidding were not justifiable to procure the Municipality's reception/ customer care area furniture.

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	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

During the 2014/2015 financial year Audit, an amount of R127 540 was deemed irregular by Auditor General. Municipality utilised a deviation process, namely Single Source Bidding to procure skills training programme for designers and crafters in garment making. One company was motivated to be utilised as ADM would receive 63% discount by using the said service. provider. Auditor General deemed the procurement as irregular as the obtaining the services at a discount are not valid reasons for deviating from normal procurement process.
During the 2014/2015 financial year Audit , an amount R145 000 was deemed irregular by Auditor General. The Municipality utilised a deviation process, namely Single Source Bidding, to fast track the implementation process for the project and approved the utilisation of a service provider utilised on similar project. Auditor General deemed the procurement as irregular, as it was not justified for the construction of chalets in Butterworth, by a supplier that completed the work in Tsitsikama.

During 2014/2015 financial year Audit, an amount of R39 842 (R145 000 , R2 232 , R7 732, R9 980 and R19 898) were deemed irregular by Auditor General, as Auditor General noted that quotations were obtained from Messrs Butterworth Multipurpose Centre, Messrs Women Construction, Messrs Liqhayiya SD Electrical , Ezinokhanyo Trading CC and Long Island Trading which are not listed on ADM's supplier database and it could not be ascertained whether they met the listing requirements as their application documentation could not be obtained from ADM during 14/15 Audit.
During the 2014/15 financial year ,an amount of R286 320 150 was deemed by ADM as irregular.ADM contracted with a service provider utilising section 32 procurement process. It has been established after award that the tax clearance certificate submitted by the service provider was fraudulent. This was written off by the council on the 21st August 2015.
During the 2014/15 financial year, procurement amounting to R205 568 (7 incidents) were deemed irregular by ADM as procurement processes were split to avoid the SCM processes.

During the 2013/14 financial year ,an amount of R130 290 was deemed by Auditor General to be irregular as a result of possible cover quoting. The expenditure was written off by Council on the 24th of July 2015.
During the 2013/14 financial year, procurement amounting to R121 702 (7 incidents) were deemed irregular by Auditor General for requisitions not approved by the delegated official. The expenditure was written off by Council on the 24th of July 2015.
During the 2013/14 financial year, procurement amounting R116 050 were deemed irregular by Auditor General for procurement divided to avoid SCM processes. It was deemed not irregular by the Council it was written off on the 24th of July 2015.
During 2012/13 financial year, an amount of R52 500 was deemed by Auditor General as irregular for non utilisation of the three quotes system. This was disclosed in the 2013/14 register, this expenditure is now reflected on the 2012/13.It was written off by the Council during 2015/16 financial year on the 24th July 2015.
During the 2012/13 financial year , an amount of R146 832 was deemed irregular as three quotes were not obtained. This was disclosed in the 2013/14 register ,this expenditure is now reflected on the 2012/13 register. It was deemed not irregular by the Council during 2015/16 financial year on the 24 of July 2015.
During 2011/12 financial year ,Operations and Maintenance of the Eastern Regional Solid Waste Landfill site , Ibika was not advertised for 30 days for an amount of R1 550 991.It was condoned during 2013/14 financial year and written off 2015/16 financial year on the 24th of July 2015 by the Council.

During 2011/12 financial year, there was non submission of tax clearance certificate for an amount of R50 000.It was condoned during 2013/14 financial year and written off 2015/16 financial year by the Council on the 24th of July 2015.
During 2011/12 financial year , an amount of R163 657 was deemed by Auditor General as irregular as no competitive bidding process was followed in relation to the financing of the maintenance portion of the photocopier contract. It was deemed not irregular by the Council 2015/16 financial year on the 24th July 2015 .
During the 2010/11 financial year, breaches on contracts to the value of R546 238 were found. These were investigated and written off by Council on 22 August 2014.

During the 2015/16 financial year the Agency incurred R25 000 and R 25 696 for training. Disciplinary processes have been initiated against the responsible person.

54. Additional disclosure in terms of Municipal Finance Management Act

Audit fees				
Amount paid - current year	3 953 469	4 635 761	3 229 105	4 063 574
PAYE and UIF				
Opening balance	(25 160)	5 651 074	(25 160)	5 651 074
Current year subscription / fee	101 349 371	98 084 904	97 332 065	98 084 904
Amount paid - current year	(93 931 841)	(103 761 138)	(89 914 535)	(103 761 138)
	7 392 370	(25 160)	7 392 370	(25 160)

The balance represents PAYE and UIF deducted from the June 2015 payroll. The amount due was paid during July 2016 payroll. The amount due was paid during July 2015 and has been included in current liabilities

Pension and Medical Aid Deductions				
Current year subscription / fee	110 335 088	105 025 827	108 521 430	105 025 827
Amount paid - current year	(110 334 421)	(105 025 827)	(108 521 430)	(105 025 827)
	667	-	-	-
VAT				
VAT receivables	44 238 280	107 302 578	44 054 118	105 889 595

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2016:

30-Jun-16	Outstanding more than 90 days R	Total R
Councillor PA Finca	698	698
Councillor TP Dwanya	1 971	1 971
Councillor M.J Papu	7 661	7 661
	10 330	10 330

30-Jun-15	Outstanding more than 90 days R	Total R
Councillor N Nonjaca	456	456
Councillor TP Dwanya	225	225
Councillor M.J Papu	6 291	6 291
	6 972	6 972

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30-Jun-16	Highest outstanding amount	Aging (in days)
Councillor MJ Papu	7 661	90
Councillor TP Dwanya	1 971	90
Councillor PA Finca	698	90
	10 330	-

30-Jun-15	Highest outstanding amount	Aging (in days)
Councillor N Nonjaca	456	90
Councillor TP Dwanya	225	90
Councillor MJ Papu	6 291	90
	6 972	-

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Accounting Officer and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident				
Deviations	127 704 373	180 674 384	124 938 046	180 674 384
Breaches	1 104 523	515 074	1 104 523	515 074
	128 808 896	181 189 458	126 042 569	181 189 458

Non-Compliance with the Municipal Finance Management Act
The March 2016 Schedule C was not submitted within 10 working days due to ICT technical challenges.

Bids awarded to family of employees in service of the state
In terms of the SCM regulations, any award above R2000 to family members of employees in the service of the State must be disclosed in the annual financial statements. The following is a list as recorded on the declaration of interest form.

Connected Person and Position Held				
A. Mc Allister - Administration Officer	224 886	427 950	224 886	427 950
B. Cook - Engineering Services	9 500	-	9 500	-
L. Ngcobo - Senior Manager: Municipal Support Unit	420 127	166 290	420 127	166 290
S. Gqeba - Administration Officer: LESS	-	6 000	-	6 000
Z.Gladile - Senior clerk Leave Records	337 500	337 500	337 500	337 500
P Mtsatse - Senior clerk : Expenditure	-	60 107	-	60 107
N.Tami - Contracts officer: SCM	282 888	130 746	282 888	130 746
N. Jacobs	4 650	-	4 650	
	1 279 551	1 128 593	1 279 551	1 128 593

55. Grant performance narrations
Refer to Annexure 1 for further detail on grants

National Government Grants

1. Municipal Systems Improvement Grant (MSIG)

MSIG : Promolgated of by- laws
Funds fully spent

MSIG : Data Fin Analysis & Recon Ngqushwa
Funds fully spent

MSIG : Data Cleaning Project Nkonkobe Ph2
Project completed.

2. Municipal Infrastructure Grant (MIG)
Funds fully spent

3. Municipal Infrastructure Grant (MWIG)

Ngqamakwe rain water Harvesting
Funds fully spent

District Wide Refurbish Plan Phase 1
Funds fully spent.

District Wide Water Pipe line EXT Phase 1
Funds fully spent.

Dutywa East Interim was
Funds fully spent.

Seymour EXT 6& surround Interim was
Funds fully spent.

Toleni interim Water Supply

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

Funds fully spent.

Amahlathi Interim WS
Funds fully spent.

Nkonkobe Interim WS
Funds fully spent.

Water conservation and demand management
Funds will be fully utilised.

4. Road Asset Management System
Apply for roll over of remaining balance. Extending contract with the supplier.

5. Neighbourhood Development Partnership Grant (NDPG)
Funds transferred to ASPIRE

6. Regional Bulk Infrastructure (RBIG)

Xora East Water Supply - Implementation
This funding is transferred as per the National Financial year as such we are already on the second quarter of the 2016/2017 Financial Year.

Mncwasa water Supply- Implementation
This funding is transferred as per the National Financial year as such we are already on the second quarter of the 2016/2017 Financial Year.

Ibika Water Supply - Feasibility
This funding is transferred as per the National Financial year as such we are already on the second quarter of the 2016/2017 Financial Year.

Ngqamakwe water Supply-Feasibility
Funds fully spent

7. Dutywa Water Supply - Feasibility
Funds fully spent

8. Great Kei River Basin Water Supply Scheme
Funds fully spent

9. Capacity Building Programme
Funds fully spent

10. Mnquma War on Leaks
Funds fully spent

11. ACIP - WW Infrastructure refurbish R3 5M

These funds are claimed from ACIP after the work has been completed. The R731 641 has resulted from the use of a separate account number for VAT.

12. Victoria
This is a multiyear project . The project is progressing. The balance is expected to be utilised in the next financial year.
An application for roll-over was made by the project Manager to the funder.

13. Teko Springs/ Ndlovini
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project Manager to the funder. The project status is awaiting approval of the layout plan by COGTA.

14. Needs Camp
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

15. Hogsback
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial year .The application for roll-over was made by the project manager to the funder .The project status awaiting approval of the layout plan by COGTA.

16. Haga Haga
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the current financial year 2015/16.The application for roll-over was approved by the funder. The project status awaiting acceptance of the offer to acquire the land from the land downer. Keep and use the funds.

17. Willowvale
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year . The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

18. Elliotdale
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year . The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

19. Ndevana
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year . The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

20. Msobomvu
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year . The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

21. Hertzog

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

22. Great Kei Planning

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

23. Mnquma Planning

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

24. Ngqushwa Planning

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

25. Nkonkobe Planning Funds

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

26. Mnquma Survey

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

27. Survey Interest and Contribution

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

28. Ngqushwa Survey Funds

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

29. Nkonkobe Survey

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

30. Lewis Survey

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

31. Prudoe Engineering Design

Awaiting the close out report and the balance to be transferred back to funder as possible savings .

32. Dongwe Engineering Design

Awaiting the close out report and the balance to be transferred back to funder as possible savings.

33. Kubusie Establishment Grant

Project complete remaining balance is savings.

34. Ndlovini Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

35. Ducats Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

36. Macleantown Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

37. Prudoe Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

38. Dongwe Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

39. Teko Spring Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

40. Needs Camp Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

41. Teko Spring Top Structure
Project compiete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the

42. Prudoe Top Structure
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the

43. Dogwe Top Structure
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

44. Needscamp Top Structure
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

45. Ducats Top Structure Subsidy
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

46. Kubusi Top Structure
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

47. Lilyvale Kaysers Beach Establishment Grant
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

48. Kaysers Beach Housing Project
Project complete. Balance is for the ADM income. The application for roll-over was made and approved by the funder. LHSED to confirm this statement.

49. Lilyvale Eng Designs
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

50. Planning Grant DLA
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial years 2015/16 -2017. The application for roll-over was made by the project manager to the funder.

51. Restitutional Award (DLA)
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial years 2016 -2017. The application for the roll over was made by the project manager to the funder.

52. Beneficiary Administration (Breaking new ground)
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial years 2016 -2017. The application for the roll over was made by the project manager to the funder.

53. Environmental Impact Assessment
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial years 2016 -2017. The application for the roll over was made by the project manager to the funder.

54. Geo Hydrology
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

55. Bawa Falls Led
Project will be completed in the next financial year (Multi-year).

56. Elliotdale Brick Making
Project will be completed in the next financial year (Multi-year).

57. EC Information Initiative Support
Project will be completed in the next financial year (Multi-year).

58.ECDOT: Butterworth Interchange
Retention amount remaining.

59. Dutywa Extension 8 (VIP Toilets, RDS &W)
Funds fully spent.

60. Roof Top Rain Water Harvesting
Funds fully spent

61. Household Leak Repairs
Funds fully spent

62. Ngqusi Rain Water Harvesting
Funds fully spent.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

63. Adelaide Water Re-use Phase 1
Funds fully spent

64.Water service support
Consolidation of small balances

65. Communal Water Stations (DST/CSIR)
Vat savings. Will be used for stipends

66. Free Basic Services Strategy Development
Savings

67. Silwindlala Women's Project
Project will be completed in the next financial year (Multi -year)

68. Balfour Sawmills
Project will be completed in the next financial year (Multi -year).

69. Highlands Resorts
Project will be completed in the next financial year (Multi -year).

70. Peddie Bricks Making
Project will be completed in the next financial year (Multi -year).

71. Inkuthalo Hydroponics
Project will be completed in the next financial year (Multi -year).

72. Capacity Building for LM's
Project will be completed in the next financial year (Multi -year).

73. Led Capacity Building - Ngqushwa
Project will be completed in the next financial year (Multi -year).

74. Upgrade Infrastructure Sanitation (Consolidated of Accounts)
Recently consolidated funds. Will be utilised

75. Water Services Operating Grant-DWS Refurbishment
Savings. Application for rollover will be sent to the funder once all the invoices are paid

76. Water Conservation and Demand Management
It will be utilised for stipends for rain water harvesting.

78. Chatha Development
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial years 2016/2017.

79. Fingoland and Regional Authority
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial years. 2016/2017

80. Dwesa Cwebe Restitutional
This is a multi- year project. The project is progressing. The balance is expected to be utilised in the next financial years 2016/2017.

81. Development Craft Centre
Project complete .

82. Co-operative specialist
Project will be completed in the next financial year (Multi-year)

83. Tourism Survey
Project will be completed in the next financial year (Multi-year).

84. Nxuba Dam Chalets Development
Project will be completed in the next financial year (Multi-year)

85. SETA Implementation
The roll-over was granted by LGSETA on the 29 July 2015. Funds are currently utilised. More funds are expected to do the projects.

86. LG SETA MSU
The roll-over was granted by LGSETA on the 29 July 2015. Funds are currently utilised. More funds are expected to do the projects.

87. Ploughing Contactors-ward 10
Project will be completed in the next financial year (Multi-year)

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

88. Ploughing Contactor- NGXAKAXA
Project will be completed in the next financial year (Multi-year)

89. Ploughing Contactor- Ward 15
Project will be completed in the next financial year (Multi-year).

90. Other Projects IDP
Funds fully spent.

91. Vuna Awards
Funds will be utilised for stationery, procurement has been done already

92. Public Awareness Savings
Technical Assistance to Develop District Dec Profile
The application for rollover has been done to COGTA.

56. Interest earned - outstanding receivables

Receivables - service charges	37 408 693	35 223 068	37 408 693	35 223 068
Financial assets	-	36	-	36
	37 408 693	35 223 104	37 408 693	35 223 104
57. Gain/(Loss) on disposal of asset	(9 347 504)	(5 679 773)	(9 215 107)	(5 698 121)
58. Repairs and maintenance				
Water and sanitation	7 029 930	14 490 408	7 029 930	14 490 408
Buildings	1 151 681	4 072 879	1 140 331	4 062 611
Vehicles	120 813	349 075	120 813	349 075
Tools and equipment	5 188 600	180 455	5 188 600	180 455
Office furniture and equipment	27 791	-	27 791	-
Computers	2 120 065	49 613	2 117 780	49 613
Others	26 036 767	34 947 131	26 036 767	34 947 131
	41 675 647	54 089 561	41 662 012	54 079 293
59. Water distribution losses				
Water distribution losses	49 293 247	58 254 650	49 293 247	58 254 650

The amount recorded as distribution losses emanates from the provision of water to free basic services beneficiaries through communal standpipes and also network/distribution losses due to burst pipe and other leakages.

60. Budget differences

Material differences between budget and actual amounts
The excess of actual expenditure over the final budget of 10% are explained below:

Statement of Financial Performance
Revenue
1. Service charges

The budgeted amount was revised to be more indicative of what is realistically collectable (into Sec 18 of MFMA). The actual collection rate of current billing versus current receipts is 48% for the year.

2. Rentals
The budget was revised as actual rentals were less than anticipated as per budget. The actual amount is higher due to money received from external parties for hiring of the Calgary Conference Centre.

3. Interest earned - outstanding receivables
Actual billing exceeded the budget as billing of interest on overdue accounts exceeded what was anticipated to be collected.

4. Other income
Includes an amount to balance the budget expenditure on non-cash flow items.

5. Interest on external investments
Actual income is more than anticipated due to funds received being invested until required.

6. Government grants
Income is recognised once spending takes place and conditions are met.

7. VAT on MIG
This amount pertains to "VAT savings" on the MIG conditional grants as per National Treasury circular that allows this to be recognised as own revenue.

8. VAT other grant
This amount pertains to "VAT savings" on conditional grants as per National Treasury circular that allows this to be recognised as own revenue.

Expenditure

11. Depreciation
The depreciation expense is less than the budget as the amount anticipated for new schemes commissioned during the year was less.

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated	2016	2015 Restated
	R	R	R	R

14. Collection costs
This expenditure is ad hoc as it depends on when the need for an attorney/debt collector is required. It also includes the costs paid to the appointed debt collector when monies collected are paid over to ADM on a commission basis

15.Repairs and maintenance
Repairs and maintenance votes are used on an adhoc basis and only used if and when needed. Emergency procurement has resulted in the actual expenditure exceeding the budget

16. Bulk services
The purchases of bulk water was greater than anticipated as purchases are based on demand.

18. General expenditure
The municipality has implemented austerity measures to reduce expenditure.

22. Gain on sale of assets
Gain/loss on the disposal of assets is not budgeted for due its ad hoc nature and level of uncertainty.

Statement of Financial Position

1. Inventories
The water stock on hand at year end was greater than anticipated.

2. Receivables from exchange transactions
The provision for bad debts is for 80% of the outstanding debt.

3. Receivables from non-exchange transactions
The decrease is a result of sundry debtors decreasing.

4. VAT receivable
VAT receivable increased due to outstanding VAT Refunds for the months of July 2015, January 2016, April 2016, May 2016 and June 2016 .

5. Current portion of receivables
This amount is the current portion of the pledged MIG grant for 16/17 allocation that is receivable to repay the DBSA loan.

6. Cash and cash equivalents
The cash and cash equivalents have decreased as a result of increased spending especially on grants.

8. Investment Property
ADM properties were identified during the verification and valuation process by an independent valuer that were to be included in the fixed asset register that were not recognised previously.

9. Property, plant and equipment
The property, plant and equipment increased during the current year as a result of expenditure on infrastructure assets.

10. Intangible Assets

The increase is a result of software purchased during the year under review.

12. Current portion of the interest bearing borrowings DBSA
This amount is the current portion of the DBSA loan that was entered into to finance the accelerated sanitation project.

14. Payables from exchange transactions
Trade creditors were anticipated to be higher

15. Taxes and transfers payable
This relates to the June 2016 PAYE amount that was paid in July 2016.

Unspent conditional grants
Increased spending of the grant allocations by the municipality. With almost all the DoRA gazetted grants being fully spent.

18. Provisions
The long service awards provision was less than anticipated. This is based upon the valuations performed by an actuary at year end.

20. Employee benefits
The employee benefit obligation is based upon the report obtained from the actuaries.

Cash flow statement

1.Operating activities
The net cash flow from operating activities reflects an inflow, due to the expenditure being less than anticipated. The municipality has implemented austerity measures in order to reduce expenditure.

2. Investing activities
The net cash flow from investing activities variances is as a consequence of purchasing of property, plant and equipment.

3. Financing activities
The net cash flow from investing activities variance is as a result of repaying the DBSA loan.

Changes from the approved budget to the final budget
The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters as well as an adjustment to the budget.

Amathole District Municipality
Consolidated Annual Financial Statements
Appendix A - Schedule of External Loans
for the year end 30 June 2016

EXTERNAL LOANS	Loan number	Interest Rate	Redeemable Date	Received during the period	Redeemed / written off during the period	Balance at 30 June 2016
				R	R	R
CURRENT PORTION						
DBSA Loan - Amathole		8,51%	12/12/2014	286 320 150	(153 635 882)	132 684 268
				-	-	-
				-	-	-
Total long-term loans				**286 320 150**	**(153 635 882)**	**132 684 268**

The loans will be settled during the 2016/17 financial year

Amathole District Municipality
Consolidated Annual Financial Statements
Appendix B - Analysis of Property, plant and equipment: Municipality
for the year end 30 June 2016

Classifications	Cost				Accumulated Depreciation				
	Opening Balance	Additions	Disposals	Closing Balance	Accumulated Depreciation	Opening Balance	Additions	Closing Balance	Carrying Value
INFRASTRUCTURE	**2 494 090 229**	**110 034 941**	**(32 224)**	**2 604 092 946**	**531 357 304**	**(71 676 555)**	**(4 728)**	**603 029 130**	**2 604 088 218**
Civil Structure	585 780 464	-	-	586 780 464	135 065 607	(17 629 744)	-	152 695 351	586 780 464
Common Assets	2 933 651	-	-	2 933 651	2 128 836	(74 944)	-	2 203 780	2 933 651
Electrical Plant	39 549 602	10 548	-	39 560 150	20 784 382	(2 155 858)	-	22 940 240	39 560 150
Infrastructure	9 894 117	109 949 013	-	119 843 130	8 344	(2 881 593)	-	2 889 938	119 843 130
Mechanical Plant	85 976 632	75 380	-	86 052 012	48 813 416	(5 031 670)	-	53 845 086	86 052 012
Other	393 327 655	-	-	393 327 655	74 937 405	(11 119 314)	-	86 056 719	393 327 655
Pipe	1 375 628 109	-	(32 224)	1 375 595 885	249 619 315	(32 783 431)	(4 728)	282 398 017	1 375 591 157
SANITATION	**1 453 476 783**	-	-	**261 004 307**	**56 922 474**	**(6 909 320)**	-	**63 831 794**	**261 004 307**
Civil Structure	74 615 739	-	-	74 615 739	19 672 528	(2 348 954)	-	22 021 482	74 615 739
Common Assets	397 125	-	-	397 125	194 536	(18 847)	-	213 383	397 125
Electrical Plant	5 651 580	-	-	5 651 580	2 341 882	(224 188)	-	2 566 070	5 651 580
Mechanical Plant	13 253 173	-	-	13 253 173	6 207 995	(641 559)	-	6 849 554	13 253 173
Other	43 420 976	-	-	43 420 976	5 956 775	(914 806)	-	6 871 580	43 420 976
Pipe	123 665 715	-	-	123 665 715	22 548 759	(2 760 967)	-	25 309 726	123 665 715
COMMUNITY ASSETS	**57 389 535**	-	-	**57 389 535**	(4 579 181)	**(2 137 808)**	-	**(6 716 989)**	**50 672 546**
Clinics & Hospitals	3 670 000	-	-	**3 670 000**	(366 334)	(171 025)	-	**(537 359)**	**3 132 641**
Fire Stations	7 143 200	-	-	**7 143 200**	(915 836)	(427 562)	-	**(1 343 398)**	**5 799 802**
Security System	137 693	-	-	**137 693**	(137 375)	(64 134)	-	**(201 510)**	**-63 817**
Museum	470 000	-	-	**470 000**	(183 167)	(85 512)	-	**(268 680)**	**201 320**
Civic Buildings	2 960 000	-	-	**2 960 000**	(686 877)	(320 671)	-	**(1 007 548)**	**1 952 452**
Under Construction	43 008 642	-	-	**43 008 642**	(2 289 591)	(1 068 904)	-	**(3 358 495)**	**39 650 148**
INVESTMENT PROPERTY	**147 724 715**	**7 610 000**	-	**155 334 715**	**577 616**	**(364 283)**	-	-	**154 970 432**
LAND BUILDINGS	**5 325 092**	-	-	**5 325 092**	-	-	-	-	**5 325 092**
	18 743 338	-	**(6 985 000)**	**11 758 338**	**5 781 686**	**(722 050)**	-	**(722 050)**	**13 538 962**

Office Equipment	**28 754 835**	**22 459 274**	**(3 504 967)**	**47 644 452**	**10 812 581**	**3 217 863**	**(2 014 050)**	**9 476 533**	**34 902 625**
Other Office Equipment	1 860 278	54 355	(135 832)	1 778 801	779 582	150 336	(63 122)	866 795	849 398
Office Machines	572 943	6 599	(87 178)	492 364	244 862	113 034	(49 524)	240 609	251 754
Computer Hardware	26 316 162	22 333 630	(3 281 957)	45 367 836	9 784 715	3 596 246	(1 901 403)	11 479 557	33 799 960
Air Conditioners	5 452	-	-	5 452	3 422	518	-	3 940	1 512
Software	23 621 260	64 690	-	23 685 950	(2 472 099)	(642 270)	-	(3 114 369)	20 571 581
Furniture and Fittings	**22 891 761**	**158 846**	**(1 422 756)**	**21 120 567**	**8 651 707**	**2 155 039**	**(788 652)**	**9 711 627**	**11 408 940**
Chairs	4 933 881	-	(179 349)	4 754 532	2 072 093	420 512	(92 795)	2 399 810	2 354 722
Bins and Containers	527 613	-	-	527 613	338 591	73 039	-	411 630	115 983
Furniture and Fittings:									
Other	10 016 403	81 594	(816 237)	8 774 475	3 544 920	1 033 407	(452 338)	3 819 522	4 954 953
Tables and Desks	7 413 865	77 252	(427 170)	7 063 946	2 696 103	628 081	(243 520)	3 080 665	3 983 281
Plant and Equipment	**25 844 022**	**1 367 881**	**(546 945)**	**26 664 959**	**13 219 107**	**2 763 871**	**(206 422)**	**15 776 557**	**10 888 402**
Fire Equipment	2 480 478	-	(176 115)	2 304 363	1 222 203	402 090	(41 145)	1 583 148	721 215
Plant and Equipment:									
General	1 487 631	5 750	(211 763)	1 281 618	528 925	204 265	(50 712)	682 478	599 141
Laboratory Equipment	3 288 108	-	(24 013)	3 264 094	1 717 508	388 386	(17 621)	2 088 274	1 175 821
Medical Equipment	93 946	-	(3 826)	90 120	47 962	8 874	(2 293)	54 544	35 576
Compressors	3 262 943	-	(36 482)	3 226 462	1 381 953	434 935	(17 619)	1 799 269	1 427 193
Radio Equipment	1 114 794	-	(69 767)	1 045 027	526 258	69 524	(58 248)	537 535	507 492
Tractors and Trailers	13 521 242	1 362 131	-	14 883 373	7 522 435	1 041 464	-	8 563 899	6 319 474
Lawnmowers	594 879	-	(24 978)	569 901	271 864	214 332	(18 785)	467 411	102 490
Motor Vehicles	**81 697 266**	**7 883 128**	**(3 214 189)**	**86 366 205**	**29 696 887**	**7 378 971**	**(942 252)**	**36 133 607**	**50 232 598**
Trucks and Bakkies	65 895 616	7 883 128	(2 227 901)	71 550 844	25 729 984	6 277 999	(814 557)	31 193 425	40 357 418
Fire Engines	9 885 987	-	(771 850)	9 114 137	1 597 531	449 093	(74 221)	1 972 403	7 141 734
Motor Vehicles	5 915 663	-	(214 438)	5 701 225	2 369 373	651 879	(53 473)	2 967 779	2 733 446
Total	**4 128 735 335**	**38 564 539**	**55 629 264**	**4 786 955 239**	**99 289 406**	**(66 294 273)**	**(3 956 103)**	**730 520 209**	**4 530 309 471**

Amathole District Municipality
Consolidated Annual Financial Statements
Appendix C - Segmental Analysis of Property, plant and equipment per department: Municipality
for the year end 30 June 2016

Classifications	Cost				Accumulated Depreciation			
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance
Council & General	3 349 860	135 050	(35 931)	3 448 979	1 273 146	340 981	(23 483)	1 590 643
Strategic Management	14 505 998	21 603 065	(1 841 942)	34 267 122	7 469 520	2 138 010	(1 057 357)	8 550 173
Corporate Services	172 849 182	8 578 300	(1 533 525)	179 893 957	6 126 616	1 551 182	(964 243)	6 713 556
Budget & Treasury	12 243 222	92 419	(983 462)	11 352 179	4 712 347	1 276 046	(514 498)	5 473 896
O&M	16 500 123	46 258 459	(803 076)	61 955 507	6 126 218	2 122 048	(560 780)	7 687 486
Community Services	18 005 694	39 268	(628 951)	17 416 011	6 672 034	1 514 241	(254 367)	7 931 907
Engineering	2 895 094 806	72 683 955	(3 572 265)	2 964 206 496	621 936 685	87 416 120	(1 044 263)	708 308 542
Land, Human Settlement & Economic Development	13 095 789	54 195	(111 903)	13 038 081	6 939 849	1 192 171	(56 601)	8 075 420
Municipal Manager	2 256 664	764 274	(79 870)	2 941 067	816 487	216 392	(42 324)	990 556
Grand Total	3 147 901 348	150 208 986	(9 590 924)	3 288 519 399	662 072 902	97 767 191	(4 517 916)	756 322 178

Amathole District Municipality
Consolidated Annual Financial Statements
Appendix C - Segmental Analysis of Property, plant and equipment per department: Group
for the year end 30 June 2016

Classifications	Cost				Accumulated Depreciation			
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance
Council & General	3 349 860	135 050	(35 931)	3 448 979	1 273 146	340 981	(23 483)	1 590 643
Strategic Management	14 505 998	21 603 065	(1 841 942)	34 267 122	7 469 520	2 138 010	(1 057 357)	8 550 173
Corporate Services	172 849 182	8 578 300	(1 533 525)	179 893 957	6 126 616	1 551 182	(964 243)	6 713 556
Budget & Treasury	12 243 222	92 419	(983 462)	11 352 179	4 712 347	1 276 046	(514 498)	5 473 896
O&M	16 500 123	46 258 459	(803 076)	61 955 507	6 126 218	2 122 048	(560 780)	7 687 486
Community Services	18 005 694	39 268	(628 951)	17 416 011	6 672 034	1 514 241	(254 367)	7 931 907
Engineering	2 895 094 806	72 683 955	(3 572 265)	2 964 206 496	621 936 685	87 416 120	(1 044 263)	708 308 542
Land, Human Settlement & Economic Development	13 095 789	54 195	(111 903)	13 038 081	6 939 849	1 192 171	(56 601)	8 075 420
Municipal Manager	2 256 664	764 274	(79 870)	2 941 067	816 487	216 392	(42 324)	990 556
Aspire	1 263 576	141 397	(8 202)	1 396 772	848 318	183 898	(3 558)	1 028 658
Grand Total	3 149 164 914	150 360 363	(9 590 126)	3 289 916 171	662 921 220	97 951 089	(4 521 473)	756 350 836

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus R
			RATES AND GENERAL SERVICES			
54 484 712	51 568 234	2 916 478	**Legislative & Executive Support Services**	60 848 901	45 444 084	15 404 817
83 270	12 314 210	(12 230 940)	Council General	93 443	12 360 930	(12 267 487)
-1 500	11 463 227	(11 464 727)	Mayoral Committee	3 500	11 316 600	(11 313 100)
49 750 436	40 677 332	9 073 104	**Strategic Manager**	63 421 649	30 736 075	32 685 574
931 034	9 654 406	(8 723 371)	Municipal Support Unit	1 158 334	8 027 078	(6 868 744)
116 220	27 156 612	(27 040 392)	Information Systems Unit	96 352	26 052 460	(25 956 108)
86 765 821	87 360 660	(594 840)	**Corporate Services**	93 820 433	111 506 549	(17 686 115)
15 280 893	64 152 675	(48 871 782)	Human Resources	15 912 251	65 976 896	(50 064 645)
81 376 107	17 926 490	63 449 617	**Budget and Treasury**	104 344 201	10 230 868	94 113 333
15 777 606	8 411 140	7 366 466	Accounting and Reporting	5 364 480	7 687 872	(2 323 392)
-	7 895 649	(7 895 649)	Asset Management	3 023	6 930 578	(6 927 555)
-	13 111 342	(13 111 342)	Supply Chain Management	5 331	12 829 905	(12 824 574)
-	2 958 075	(2 958 075)	Budgeting	-122	3 343 700	(3 343 821)
72 446	58 481 334	(58 408 888)	Revenue	202 221	60 084 099	(59 881 877)
-	5 580 641	(5 580 641)	Expenditure	7 320	5 425 353	(5 418 033)
1 124 094 621	357 602 704	766 491 917	**Engineering Services**	871 352 339	29 098 847	842 253 492
3 600	8 279 452	(8 275 852)	Building and Services Planning	12 435	8 189 948	(8 177 513)
858 017	5 447 663	(4 589 646)	Solid Waste site	910 599	4 102 316	(3 191 716)
-	1 093 115	(1 093 115)	Transport	823	786 561	(785 739)
100	11 884 065	(11 883 965)	Water Services Authority	1 741	6 913 747	(6 912 006)
-	-	-	Project Management Unit	-	-	-
285 052 054	568 637 866	(283 585 812)	Operations and Maintenance Water and Sanitation	279 045 743	627 644 548	(348 598 805)
75 681	91 311 246	(91 235 564)	Management of Water Services Authority	44 654	92 815 583	(92 770 929)
65 080 886	28 628 583	36 452 303	**Land Human Settlement & Economic Development**	56 964 755	13 366 538	43 598 217
3 233	10 020 177	(10 016 944)	Land Administration and Housing	2 024	10 270 633	(10 268 610)
14 302 000	48 810 021	(34 508 021)	Economic Development	15 413 612	51 581 389	(36 167 777)
58 925 271	44 590 963	14 334 308	**Municipal Manager**	37 010 817	34 036 186	2 974 631
-	3 569 592	(3 569 592)	Legal Fees	4 335	4 645 817	(4 641 482)
6 470	10 593 739	(10 587 269)	Internal Audit	16 991	10 312 031	(10 295 040)
-	2 141 090	(2 141 090)	Shared services module	1 414	8 224 499	(8 223 086)
74 495 655	11 710 079	62 785 575	**Community Services**	83 558 815	11 670 649	71 888 166
-	9 812 210	(9 812 210)	Disaster Management	2 761	7 631 739	(7 628 978)
-	1 907 932	(1 907 932)	Community Safety Services	699	1 814 580	(1 813 881)
-	18 891 733	(18 891 733)	Municipal Health Services ADM	4 415 164	7 287 152	(2 871 989)
4 229 727	36 041 689	(31 811 963)	Fire Services	4 637 474	34 382 775	(29 745 301)
-	3 543 713	(3 543 713)	Municipal Health services LM's	8 857	15 729 675	(15 720 818)
		-				
1 931 764 361	1 693 229 661	238 534 700		1 698 687 369	1 398 458 261	300 229 108
-	-	(5 698 121)	Gain/(loss) on sale of assets	-		(9 215 107)
		15 280 893	Actuarial gains/losses			15 902 259
1 931 764 361	1 693 229 661	248 117 472	**Surplus for the Municipality**	1 698 687 369	1 398 458 261	306 916 260
9 469 338	10 365 714	(896 376)	**ASPIRE**	6 740 762	6 147 746	593 016
		18 348	Gain/(loss) on sale of assets			(132 397)
-	115 211	115 211	**TAXATION - AGENCY**	-	-	-
1 941 233 699	1 703 710 586	247 354 655	**Surplus for the Group**	1 705 428 131	1 404 606 007	307 376 879

Amathole District Municipality
Consolidated Annual Financial Statements
Appendix F - Disclosure of grants and subsidies in terms of the MFMA
for the year ended 30 June 2016

Transferring Department	Account number	Opening Balance	QUARTERLY RECEIPTS				Total Receipts	QUARTERLY EXPENDITURE				Total Expenditure	GRANTS & SUBSIDIES DELAYED/WITHHELD				Reason for delays/ withheld	Compliance with DORA	Reason for non compliance
			Sept 15	Dec 15	March 16	June 16		Sept 15	Dec 15	March 16	June 16		Sept 15	Dec 15	March 16	June 16			
		R	R	R	R	R	R	R	R	R	R	R							
NT/COGTA	98-06-8-06-307-69	-	(1 250 000)	-	-	-	(1 250 000)	280 066	135 197	186 486	738 023	1 240 771	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LGSETA	98-06-8-06-362-69	-	-	-	(465 087)	-	(465 087)	-	-	-	178 857	178 857	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NT/DPW	98-07-8-07-800-69	-	(1 067 000)	(800 000)	(1 600 000)	800 000	(2 667 000)	631 506	(138 279)	354 006	1 487 364	2 334 597	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NT	98-06-8-06-048-69	(22 155)	-	-	-	-	-	-	22 155	-	-	22 155	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NT	98-06-8-06-053-69	(21 414)	(450 000)	(74 000)	-	108 000	(416 000)	-	21 414	419 535	(3 535)	437 414	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NT	98-06-8-06-054-69	(136 044)	(480 000)	74 000	-	(108 000)	(514 000)	-	529 444	-	126 574	656 018	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NT	98-12-8-12-000-69	(134 465)	(53 331 000)	(220 828 000)	(164 430 000)	-	(438 589 000)	191 141 290	123 148 303	55 143 594	69 482 893	438 916 080	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (MSIG)	98-16-8-16-007-69	-	(1 716 500)	(500 000)	(7 440 145)	(3 208 532)	(12 865 176)	358 973	1 512 928	3 122 472	8 319 933	13 314 305	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (MSIG)	98-16-8-16-009-69	-	(4 155 813)	-	(7 623 250)	1 278 731	(10 500 332)	751 289	1 267 342	6 716 515	-	10 805 572	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (MSIG)	98-16-8-16-010-69	-	(2 566 407)	500 000	(7 954 677)	4 743 904	(5 277 180)	818 813	701 136	1 319 955	2 395 876	5 235 781	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (MSIG)	98-16-8-16-011-69	-	(1 010 471)	-	(18 379 836)	946 126	(18 644 180)	1 010 471	-	3 288 786	14 674 493	18 973 750	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (MSIG)	98-16-8-16-012-69	-	(371 250)	-	(466 212)	269 729	(567 733)	170 030	348 862	48 841	(0)	567 733	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (MSIG)	98-16-8-16-013-69	-	(1 926 091)	-	0	(3 416 149)	(5 342 240)	1 926 091	-	-	3 416 149	5 342 240	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (MSIG)	98-16-8-16-014-69	-	(775 500)	500 000	(4 424 500)	1 245 816	(3 454 184)	-	-	651 484	2 803 007	3 454 491	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (MSIG)	98-16-8-16-015-69	-	-	-	(1 000 000)	1 000 000	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (MSIG)	98-16-8-16-016-69	-	(742 500)	-	(4 559 870)	411 268	(4 891 102)	489 833	-	1 445 001	3 072 407	5 007 241	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (MSIG)	98-16-8-16-017-69	-	-	-	-	(0)	(0)	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (MSIG)	98-16-8-16-018-69	-	(2 400 000)	(500 000)	(9 100 000)	(2 271 348)	(14 271 348)	978 786	3 815 240	4 005 797	4 191 130	12 990 973	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (MSIG)	98-16-8-16-019-69	-	-	-	(4 036 977)	(999 545)	(5 036 522)	-	-	-	6 035 058	6 035 058	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NT/Housing	98-17-8-17-000-69	-	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NT/Road and Transport	98-07-8-07-126-69	(60 155)	(2 734 000)	-	-	-	(2 734 000)	569 523	789 997	451 757	922 430	2 733 707	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NT	98-06-8-06-361-69	-	(4 312 000)	-	(5 000 000)	-	(11 312 000)	4 812 000	-	6 500 000	-	11 312 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (RBIG)	98-11-8-11-251-69	(182 734)	(33 725 889)	(12 737 525)	(11 977 427)	(15 968 896)	(74 409 738)	25 757 130	20 811 733	11 806 687	18 118 553	74 494 104	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (RBIG)	98-11-8-11-252-69	(993 954)	(8 084 893)	(1 134 498)	(3 512 442)	(2 169 795)	(14 901 629)	3 338 043	4 858 538	4 482 083	2 169 795	14 868 459	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (RBIG)	98-11-8-11-259-69	(252 137)	-	(1 880 334)	(6 886 091)	-	(8 766 425)	102 107	1 821 836	5 835 613	1 108 975	8 868 532	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS (RBIG)	98-11-8-11-258-69	(1 533 646)	-	-	-	-	-	-	1 533 646	-	(0)	1 533 646	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS	98-11-8-11-258-69	(376 448)	-	-	-	52 845	52 845	-	309 322	14 281	-	323 603	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS	98-11-8-11-260-69	(492 750)	-	-	-	492 750	492 750	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS	98-07-8-07-134-69	(1)	-	-	-	-	-	-	-	-	1	1	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS	98-19-8-19-000-69	(326 268)	(863 384)	(267 223)	-	-	(1 130 607)	798 826	(98 141)	-	1 052 892	1 753 577	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ACIP	98-20-8-20-000-69	-	(327 799)	(78 670)	(2 284 468)	(1 614 679)	(4 305 616)	287 543	107 523	1 581 596	2 050 188	4 026 850	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ACIP	98-21-8-21-001-69	-	-	-	(2 231 236)	(191 843)	(2 423 079)	-	-	-	2 423 079	2 423 079	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-002-69	(152 250)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-005-69	(68 161)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-006-69	(38 714)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-009-69	(130 884)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-010-69	(41 923)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-011-69	(171 954)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-012-69	(9 274)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-015-69	(34 765)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-020-69	(57 530)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-022-69	(84 070)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-023-69	(4 029)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-024-69	(110 000)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-025-69	(46 667)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-026-69	(53 063)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-028-69	(25 000)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-452-69	(61 680)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-035-69	(177 510)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-036-69	(116 200)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-037-69	(141 125)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-045-69	(1 348)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-046-69	(9 499)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-076-69	(698)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-077-69	(8 986)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-078-69	(70 542)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-079-69	(16 849)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-080-69	(51 283)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-081-69	(76 675)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-082-69	(35 082)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-083-69	(66 222)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-084-69	(106 438)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-085-69	(447 353)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-086-69	(1 347 309)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-087-69	(3 838)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLGⅅ	98-07-8-07-088-69	(23 234)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A

DHLG&TA	98-07-8-07-089-69	(3 816)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLG&TA	98-07-8-07-092-69	(2 643)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLG&TA	98-07-8-07-093-69	(18 881)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLG&TA	98-07-8-07-095-69	(5 940)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLG&TA	98-07-8-07-158-69	(1 719 727)	-	-	-	-	-	9 610	-	13 683	201 277	224 570	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLG&TA	98-07-8-07-159-69	(22 398 033)	-	-	-	-	-	494 057	344 419	610 421	52 074	1 500 971	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLG&TA	98-07-8-07-173-69	(3 215)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLG&TA	98-07-8-07-175-69	(751 475)	-	-	-	-	-	-	5 940	-	6 300	12 240	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLG&TA	98-07-8-07-176-69	(1 394 200)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEDEA	98-06-8-06-912-69	(102 936)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEDEA	98-06-8-06-935-69	(232 803)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEDEA	98-06-8-06-945-69	(5 755)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ECDOT	98-07-8-07-281-69	(17 408)	-	-	-	-	-	-	6 490	15 778	(1 678 168)	(1 655 900)	N/A	N/A	N/A	N/A	N/A	Yes	N/A
EC Housing/DWS	98-07-8-07-178-69	(228 385)	-	-	-	-	-	-	-	-	228 385	228 385	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS	98-07-8-07-118-69	(7 577)	-	-	-	-	-	1 200	8 400	-	(5 923)	3 677	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS	98-07-8-07-124-69	(5 030)	-	-	-	5 030	5 030	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS	98-07-8-07-125-69	(45 063)	-	-	-	-	-	92 100	-	-	(52 737)	39 363	N/A	N/A	N/A	N/A	N/A	Yes	N/A
WATER SERVICE SUPPORT	98-07-8-07-127-69	(131 269)	-	-	-	11 442	11 442	-	119 826	-	-	119 826	N/A	N/A	N/A	N/A	N/A	Yes	N/A
WATER SERVICE SUPPORT	98-07-8-07-155-69	-	-	-	-	(562 068)	(562 068)	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS	98-07-8-07-166-69	(355 645)	-	-	-	-	-	-	-	-	46 061	46 061	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS	98-06-8-06-938-69	(330 000)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEDEA	98-06-8-06-927-69	(2 303)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEDEA	98-06-8-06-931-69	(8 019)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEDEA	98-06-8-06-932-69	(75 836)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEDEA	98-06-8-06-933-69	(1 495)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEDEA	98-06-8-06-936-69	(1 524)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLG&TA	98-06-8-06-812-69	(5 128)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLG&TA	98-06-8-06-950-69	(350 000)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS	98-11-8-11-288-69	(347 703)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS	98-07-8-07-112-69	0	(2 625 000)	(5 250 000)	(2 625 000)	-	(10 500 000)	61 313	1 207 765	2 950 869	7 001	7 001	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS	98-07-8-07-132-69	(22 367)	-	-	-	-	-	-	-	-	6 249 348	10 470 295	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWS	98-07-8-07-133-69	-	-	-	-	-	-	-	-	-	15 900	15 900	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLG&TA	98-07-8-07-152-69	(2 413 456)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DPLG	98-07-8-07-102-69	(101 278)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLG&TA	98-07-8-07-153-69	(5 829 653)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEDEA	98-06-8-06-811-69	(1)	-	-	-	-	-	13 350	7 999	-	-	21 349	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEDEA	98-06-8-06-939-69	(22 280)	-	-	-	-	-	-	-	-	1	1	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEDEA	98-06-8-06-940-69	(12 130)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DHLG&TA	98-06-8-06-947-69	(6 264)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LG SETA	98-06-8-06-309-69	(351 729)	(118 368)	-	(157 126)	(84 378)	(359 891)	76 193	171 186	2 190	75 672	325 241	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LG SETA	98-06-8-06-360-69	(38 636)	(236 708)	-	(431 080)	-	(667 788)	85 199	8 725	-	453 140	547 064	N/A	N/A	N/A	N/A	N/A	Yes	N/A
COMMUNITY	98-06-8-06-943-69	(1 155)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
COMMUNITY	98-06-8-06-946-69	(1 642)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
COMMUNITY	98-06-8-06-949-69	(1 513)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Other	98-08-8-08-228-69	(1 827)	-	-	-	-	-	-	-	-	1 827	1 827	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Other	98-06-8-06-336-69	(39 806)	-	-	-	-	-	-	23 357	-	7 160	30 517	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Other	98-06-8-06-358-69	(8 352)	-	-	-	-	-	-	-	-	7 987	7 987	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Other	98-06-8-06-348-69	(18 338)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
		(45 239 534)	(129 280 593)	(242 976 250)	(264 785 425)	(19 229 591)	(656 271 860)	232 976 342	163 402 305	110 967 432	152 250 890	659 596 968							

Amathole District Municipality
Consolidated Annual Financial Statements
Annexure 1 - Conditional Grants and Receipts
for the year ended 30 June 2016

CONDITIONAL GRANTS AND RECEIPTS	Funder/ Transferring Department	Balance at 01/07/2015	Contributions received during the year	Other Income	Balance at 30/06/2016
		R	R	R	R
NATIONAL GOVERNMENT GRANTS					
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	NT/COGTA	-	(1 250 000)	-	(9 229)
LGSETA_DISCRETIONARY GRANT	LGSETA	-	(465 087)		(286 230)
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	NT/DPW	-	(2 667 000)	-	(332 403)
MUNICIPAL SYSTEMS IMPROVEMENT GRANT (MSIG)					
MSIG: PROMULGATION OF BY-LAWS	NT	(22 155)	-	-	-
MSIG: DATA FIN ANALYSIS & RECON NGQUSHWA	NT	(21 414)	(416 000)	-	-
MSIG: DATA CLEANSING PROJECT NKONKBE PH2	NT	(136 044)	(524 000)	-	(4 026)
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	NT	(134 465)	(438 589 000)	-	192 615
MUNICIPAL WATER INFRASTRUCTURE GRANT (MWIG)					
NGQAMAKWE RAIN WATER HARVESTING	DWS	-	(12 865 178)	-	449 128
DISTRICT WIDE REFURBISH PLAN PHASE 1	DWS	-	(10 402 633)	-	202 939
DISTRICT WIDE WATER PIPELINE EXT PHASE1	DWS	-	(5 187 180)	-	48 601
DUTYWA EAST INTERIM WS	DWS	-	(18 644 180)		329 570
SEYMOUR EXT 6 & SURROUND INTERIM WS	DWS	-	(567 733)	-	-
TOLENI INTERIM WATER SUPPLY	DWS	-	(5 342 240)	-	0
AMAHLATHI INTERIM WS	DWS	-	(3 454 491)		-
GREAT KEI INTERIM WS	DWS	-	-		-
NKONKOBE ITTERIM WS	DWS	-	(5 057 183)		(49 942)
NXUBA EAST INTERIM WS	DWS	-	(0)		(0)
WATER CONSERVATION AND DEMAND MANAGEMENT	DWS	-	(14 271 348)		(1 280 375)
DROUGHT	DWS	-	(5 057 834)		977 224
RURAL HOUSEHOLD INFRASTRUCTURE GRANT (RHIG) PROJECTS	NT/Housing	-	-	-	-
ROAD ASSET MANAGEMENT SYSTEM	NT/Road and Transport	(60 155)	(2 734 000)	-	(60 448)
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)	NT	-	(11 312 000)	-	-
REGIONAL BULK INFRASTRUCTURE (RBIG)					
XORA EAST WATER SUPPLY - IMPLEMENTATION	DWS	(182 734)	(74 409 738)	-	(98 368)
MNCWASA WATER SUPPLY - IMPLEMENTATION	DWS	(993 954)	(14 901 629)	-	(1 027 123)
IBEKA WATER SUPPLY - FEASIBILITY	DWS	(252 137)	(8 766 425)	-	(150 030)
NGQAMAKWE WATER SUPPLY - FEASIBILITY	DWS	(1 533 646)	-	-	-
DEPARTMENT OF WATER & SANITATION (DWS) BULK WATER SUPPLY SCHEMES					
DUTYWA WATER SUPPLY - FEASIBILITY	DWS	(376 448)	52 845	-	-
GREAT KEI RIVER BASIN WATER SUPPLY SCHEME	DWS	(492 750)	492 750	-	-
CAPACITY BUILDING PROGRAMME	DWS	(1)	-	-	-
MNQUMA WAR ON LEAKS	DWS	(326 268)	(1 130 607)	-	296 703
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	ACIP	-	(4 305 616)		(278 766)
KATI_KATI 300_AUGMENT INFRASTR R59250834	DLH	-	(2 423 079)		(0)
TOTAL NATIONAL GOVERNMENT GRANTS		(4 522 170)	(644 198 585)	-	(1 080 163)
PROVINCIAL GOVERNMENT GRANTS					
DEVELOPMENT PLANNING FUNDS					
VICTORIA POST	DHLG&TA	(152 250)	-	-	(152 250)
TEKO SPRINGS/NDLOVINI	DHLG&TA	(68 161)	-	-	(68 161)
NEEDS CAMP	DHLG&TA	(33 714)	-	-	(33 714)
HOGSBACK	DHLG&TA	(130 884)	-	-	(130 884)
HAGA HAGA	DHLG&TA	(41 923)	-	-	(41 923)
WILLOWVALE	DHLG&TA	(171 954)	-	-	(171 954)
ELLIOTDALE	DHLG&TA	(9 274)	-	-	(9 274)
NDEVANA	DHLG&TA	(34 766)	-	-	(34 766)
MSOBOMVU	DHLG&TA	(57 530)	-	-	(57 530)
HERTZOG	DHLG&TA	(84 070)	-	-	(84 070)
GREAT KEI PLANNING FUNDS	DHLG&TA	(4 029)	-	-	(4 029)
MNQUMA PLANNING FUNDS	DHLG&TA	(110 000)	-	-	(110 000)
NGQUSHWA PLANNING FUNDS	DHLG&TA	(46 667)	-	-	(46 667)
NKONKOBE PLANNING FUNDS	DHLG&TA	(53 063)	-	-	(53 063)
MNQUMA SURVEY	DHLG&TA	(25 000)	-	-	(25 000)
SURVEY INTEREST & CONTRIBUTION	DHLG&TA	(61 680)	-	-	(61 680)
NGQUSHWA SURVEY FUNDS	DHLG&TA	(177 510)	-	-	(177 510)
NKONKOBE SURVEY	DHLG&TA	(116 200)	-	-	(116 200)
LEWIS SURVEY	DHLG&TA	(141 125)	-	-	(141 125)
PHP FUNDS					
PRUDOE ENGINEERING DESIGN	DHLG&TA	(1 348)	-	-	(1 348)
DONGWE ENGINEERING DESIGN	DHLG&TA	(9 499)	-	-	(9 499)
KUBUSIE ESTABLISHMENT GRANT	DHLG&TA	(698)	-	-	(698)
NDLOVINI ESTABLISHMENT GRANT	DHLG&TA	(8 986)	-	-	(8 986)
DUCATS ESTABLISHMENT GRANT	DHLG&TA	(70 542)	-	-	(70 542)
MACLEANTOWN ESTABLISHMENT GRANT	DHLG&TA	(16 849)	-	-	(16 849)
PRUDOE ESTABLISHMENT GRANT	DHLG&TA	(51 233)	-	-	(51 233)
DONGWE ESTABLISHMENT GRANT	DHLG&TA	(76 675)	-	-	(76 675)
TEKO SPRING ESTAB GRANT	DHLG&TA	(35 082)	-	-	(35 082)
NEEDS CAMP ESTABLISHMENT GRANT	DHLG&TA	(66 222)	-	-	(66 222)
TEKO SPRING TOP STRUCTURE	DHLG&TA	(106 438)	-	-	(106 438)
PRUDOE TOP STRUCTURE	DHLG&TA	(447 353)	-	-	(447 353)
DONGWE TOP STRUCTURE	DHLG&TA	(1 347 309)	-	-	(1 347 309)
NEEDSCAMP TOP STRUCTURE	DHLG&TA	(3 838)	-	-	(3 838)
DUCATS TOP STRUCTURE SUBSIDY	DHLG&TA	(23 234)	-	-	(23 234)
KUBUSI TOP STRUCTURE	DHLG&TA	(3 816)	-	-	(3 816)
LILYVALE KAYSERS BEACH ESTABLISHMENT GRANT	DHLG&TA	(2 643)	-	-	(2 643)
KAYSERS BEACH HOUSING PROJECT	DHLG&TA	(18 881)	-	-	(18 881)
LILLYVALE ENG DESIGNS	DHLG&TA	(5 940)	-	-	(5 940)
KEISKAMAHOEK BETTERMENT (DLA)					
PLANNING GRANT DLA	DHLG&TA	(1 719 727)	-	-	(1 495 157)

Amathole District Municipality
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for the year ended 30 June 2016

CONDITIONAL GRANTS AND RECEIPTS	Funder/ Transferring Department	Balance at 01/07/2015	Contributions received during the year	Other Income	Balance at 30/06/2016
RESTITUTION AWARD (DLA)	DHLG&TA	(22 398 033)	-	-	(20 897 062)
ELLIOTDALE BREAKING NEW GROUNDS PILOT FUNDS					
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	DHLG&TA	(3 215)	-	-	(3 215)
ENVIROMENTAL IMPACT ASSESMENT	DHLG&TA	(751 475)	-	-	(739 235)
GEO HYDROLOGY	DHLG&TA	(1 394 200)	-	-	(1 394 200)
DEDEA'S SUPPORT TO ADM					
BAWA FALLS LED	DEDEA	(102 936)	-	-	(102 936)
ELLIOTDALE BRICK MAKING	DEDEA	(232 803)	-	-	(232 803)
EC INFORMATION INITIATIVE SUPPORT	DEDEA	(5 755)	-	-	(5 755)
PUBLIC TRANSPORT FACILITY GRANT					
ECDOT: BUTTERWORTH INTERCHANGE	ECDOT	(17 408)	-	-	(1 673 308)
MBHASHE LM: EXTENSION OF EXT 8					
DUTYWA EXTENTION 8 (VIP TOILETS,RDS&W)	EC Housing/DWS	(228 385)	-	-	-
EMERGENCY WATER SUPPLY					
ROOF TOP RAIN WATER HARVESTING	DWS	(7 577)	-	-	(3 900)
DONOR BUDGET ALLOCATION: WSP'S & WATER DEMAND MANAGEMENT/MASIBAMBANE PROJECTS					
HOUSEHOLD LEAK REPAIRS	DWS	(5 030)	5 030	-	-
NGQUSI RAIN WATER HARVESTING	DWS	(45 063)	-	-	(5 700)
ADELAIDE WATER RE-USE PHASE 1	WATER SERVICE SUPPORT	(131 269)	11 442	-	-
WATER SERVICE SUPPORT	WATER SERVICE SUPPORT	-	(562 068)		(562 068)
COMMUNAL WATER STATIONS (DST/ CSIR)	DWS	(355 645)	-	-	(309 585)
FREE BASIC SERVICES STRATEGY DEVELOPMENT	DWS	(330 000)	-	-	(330 000)
SUPPORT ON LED PROJECTS					
SILWINDLALA WOMEN'S PROJECT	DEDEA	(2 303)	-	-	(2 303)
BALFOUR SAWMILS	DEDEA	(8 019)	-	-	(8 019)
HIGHLANDS RESORTS	DEDEA	(75 836)	-	-	(75 836)
PEDDIE BRICKS MAKING	DEDEA	(1 495)	-	-	(1 495)
INKUTHALO HYDROPONICS	DEDEA	(1 524)	-	-	(1 524)
CAPACITY BUILDING FOR LM's/APPOINTMENT OF LED EXPERT					
CAPACITY BUILDING FOR LM's	DHLG&TA	(5 128)	-	-	(5 128)
LED CAPACITY BUILDING - NGQUSHWA	DHLG&TA	(350 000)	-	-	(350 000)
DWS FUNDS					
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	DWS	(347 703)	-	-	(340 702)
WATER SERVICES OPERATING GRANT- DWS REFURBISHMENT	DWS	0	(10 500 000)	-	(29 705)
SHIXINI WATER SUPPLY	DWS	(22 387)	-	-	(6 487)
FLOOD RELIEF PROJECTS	DWS	-	-	-	-
ADMINISTRATION-SETTLEMENT OF CHATHA COMMUNITY RESTITUTION CLAIM					
CHATHA DEVELOPMENT	DHLG&TA	(2 413 456)	-	-	(2 413 456)
FINGOLAND REGIONAL AUTHORITY					
FINGOLAND REGIONAL AUTHORITY	DPLG	(101 278)	-	-	(101 278)
ADMINISTRATION-SETTLEMENT OF DWESA / CWEBE COMMUNITY RESTITUTION CLAIM					
DWESA - CWEBE RESTITUTIONAL	DHLG&TA	(5 329 653)	-	-	(5 308 303)
TOURISM PROJECTS					
DEVELOPMENT CRAFT CENTRE	DEDEA	(1)	-	-	-
CO-OPERATIVES SPECIALIST	DEDEA	(22 280)	-	-	(22 280)
TOURISM SURVEY	DEDEA	(12 130)	-	-	(12 130)
NXUBA DAM CHALETS DEVELOPMENT	DHLG&TA	(6 264)	-	-	(6 264)
TOTAL PROVINCIAL GOVERNMENT GRANTS		(40 240 165)	(11 045 595)	-	(40 254 222)
OTHER GRANT PROVIDERS					
SETA					
SETA: IMPLEMENTATION	LG SETA	(351 729)	(359 891)	-	(386 379)
LG SETA MSU	LG SETA	(38 636)	(667 788)	-	(159 360)
CONTRIBUTIONS BY THE COMMUNITY TOWARDS TRACTOR MANAGEMENT					
PLOUGHING CONTACTORS-WARD 10	COMMUNITY	(1 155)	-	-	(1 155)
PLOUGHING CONTRACTOR-NGXAKAXA	COMMUNITY	(1 642)	-	-	(1 642)
PLOUGHING CONTRACTOR - Ward 15	COMMUNITY	(1 513)	-	-	(1 513)
TOTAL OTHER GRANT PROVIDERS		(394 675)	(1 027 679)	-	(550 049)
DBSA FUNDED PROJECTS					
AMAHLATHI REGION 1A AND 1B VIPS	DBSA	-	-	-	-
GREAT KEI WARDS 1 2 3 4 6 VIPS	DBSA	-	-	-	-
MBHASHE REGION 2A VIPS	DBSA	-	-	-	-
MNQUMA REGION 1B VIPS	DBSA	-	-	-	-
MNQUMA REGION 2 VIPS	DBSA	-	-	-	-
MNQUMA REGION 2B VIPS	DBSA	-	-	-	-
NGQUSHWA REGION 2 VIPS	DBSA	-	-	-	-
NKONKOBE REGION 2A VIPS	DBSA	-	-	-	-
TOTAL DBSA FUNDED PROJECTS					
OTHER PROJECTS					
IDP-LOCAL MUNICIPALITIES	Other	(1 827)	-	-	-
VUNA AWARDS	Other	(39 806)	-	-	(9 289)
PUBLIC AWARENESS	Other	(8 352)	-	-	(365)
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	Other	(18 338)	-	-	(18 338)
TOTAL OTHER GRANT PROVIDERS		(68 323)			(27 992)
TOTAL MUNICIPALITY	TOTAL	(45 239 534)	(656 272 860)	-	(41 916 425)

ASPIRE					
ADOPT A SPOT		(2 010 882)	(3 533 053)	-	(1 554 091)

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CONDITIONAL GRANTS AND RECEIPTS	Funder/ Transferring Department	Balance at 01/07/2015	Contributions received during the year	Other income	Balance at 30/06/2016
DBSA DRYLANDS FUND: NDAKANA		(5 439)		-	(5 439)
DEDEAT/ECDC - EMTHINJENI ART		(21 275)		-	(21 275)
DEPARTMENT OF RURAL DEVELOPMENT AND AGRARIAN REFORM		(405)		-	(405)
EC-BCM WASTE MANAGEMENT		(762 737)		-	(754 961)
INDUSTRIAL DEVELOPMENT CORPORATION		(831 146)		-	(831 146)
NDPG GRANT		(8 689 811)	(11 900 578)	-	(10 286 866)
NATURAL RESOURCES MANAGEMENT		(797 493)	(3 110 661)	-	(825 577)
TOTAL [illegible]		(13 119 180)	(18 544 292)	-	(14 279 760)
TOTAL GROUP GRANTS AND RECEIPTS		(58 358 772)	(674 816 152)	-	(56 194 185)

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2015/2016									2014/2015
R thousand	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	15
Revenue - Standard										
Governance and administration	**1 255 313**	**(39 450)**	**1 215 863**	**–**	**(18 901)**	**1 196 962**	**1 310 632**	**–**	**(113 670)**	**1 541 666**
Executive and council	992 014	(37 466)	954 548		(18 901)	935 647	1 103 317	–	(167 670)	1 342 277
Budget and treasury office	122 424		122 424		–	122 424	97 486	–	24 938	97 226
Corporate services	140 876	(1 985)	138 891		–	138 891	109 829	–	29 062	102 163
Community and public safety	**97 334**	**6 410**	**103 744**	**–**	**1 343**	**105 087**	**92 626**	**–**	**12 461**	**78 729**
Public safety	9		9		1 343	1 352	4 641	–	(3 289)	4 230
Housing			–		–	–	2	–	(2)	3
Health	97 325	6 410	103 735		–	103 735	87 983	–	15 752	74 496
Economic and environmental services	**22 667**	**–**	**22 667**	**–**	**–**	**22 667**	**15 427**	**–**	**7 241**	**3 049**
Planning and development	22 667		22 667		–	22 667	15 426	–	7 241	3 049
Road transport	–	–	–		–	–	1	–	(1)	
Trading services	**579 002**	**(46 000)**	**533 002**	**–**	**17 558**	**550 560**	**254 814**	**–**	**295 745**	**308 322**
Water	507 412	(46 000)	461 412		31 650	493 062	211 073	–	281 988	214 659
Waste water management	71 590		71 590		(14 092)	57 498	43 741	–	13 757	92 805
Waste management	–		–		–	–		–	–	858
Total Revenue - Standard	**1 954 316**	**(79 040)**	**1 875 276**	**–**	**–**	**1 875 276**	**1 673 499**	**–**	**403 555**	**1 931 765**
Expenditure - Standard										
Governance and administration	**568 401**	**(48 151)**	**520 250**	**–**	**5 043**	**525 293**	**517 631**	**7 661**	**7 661**	**562 616**
Executive and council	259 126	(47 450)	211 676		5 560	217 236	214 873	2 363	2 363	269 581
Budget and treasury office	114 646	(3 188)	111 458		(2 856)	108 603	106 532	2 070	2 070	114 365
Corporate services	194 629	2 487	197 116		2 338	199 454	196 226	3 228	3 228	178 670
Community and public safety	**97 136**	**10 807**	**107 943**	**–**	**(6 181)**	**101 762**	**88 787**	**12 975**	**12 975**	**181 366**
Public safety	44 449	1 934	46 382		1 687	48 069	43 829	4 240	4 240	47 762
Housing	10 364	468	10 832		(135)	10 697	10 271	427	427	10 020
Health	42 324	8 405	50 729		(7 732)	42 996	34 687	8 309	8 309	123 584
Economic and environmental services	**63 027**	**5 336**	**68 362**	**–**	**281**	**68 644**	**60 484**	**8 160**	**8 160**	**47 006**
Planning and development	61 310	6 250	67 560		290	67 850	59 697	8 153	8 153	45 851
Road transport	1 716	(914)	802		(9)	793	787	7	7	1 155
Trading services	**785 113**	**20 414**	**805 528**	**–**	**(419)**	**805 109**	**731 556**	**73 553**	**73 553**	**902 242**
Water	622 957	16 489	639 446		(2 077)	637 369	566 773	70 597	70 597	637 480
Waste water management	162 156	3 926	166 082		1 658	167 740	164 783	2 956	2 956	259 280
Waste management			–			–		–	–	5 482
Total Expenditure - Standard	**1 513 677**	**(11 594)**	**1 502 083**	**–**	**(1 276)**	**1 500 807**	**1 398 458**	**102 349**	**102 349**	**1 693 230**
Surplus/(Deficit) for the year	**440 640**	**(67 447)**	**373 193**		**1 276**	**374 468**	**275 041**	**(102 349)**	**301 206**	**238 535**
ASPIRE										
Revenue- Standard	87 565	(17 806)	69 759	-	-	69 759	37 534	–	32 225	31 150
Expenditure - Standard	87 565	(17 806)	69 759	-	-	69 759	37 076	–	32 682	31 145
Surplus for the year - ASPIRE							458	-	(458)	5
Surplus for the year-GROUP	**440 640**	**(67 447)**	**373 193**		**1 276**	**374 468**	**275 498**	**(102 349)**	**300 748**	**238 540**

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2015/2016											2014/2015			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue by Vote															
Vote 01 - Legislative & Executive Sup	65 828		65 828		–	65 828	45 946	–	19 882	70%	70%	–	–	–	54 566
Vote 02 - Strategic Management	62 178	89	62 267		(89)	62 178	64 676	–	(2 498)	104%	104%	(2 498)	–	–	50 798
Vote 03 - Internally Funded Projects			–			–		–	–	#DIV/0!	100%	–	–	–	
Vote 04 - Corporate Services	140 876	(1 985)	138 891		–	138 891	94 733	–	44 158	68%	67%	–	–	–	102 047
Vote 05 - Budget & Treasury	122 424		122 424		–	122 424	107 477	–	14 947	88%	88%	–	–	–	97 226
Vote 06 - Engineering Department	689 924	(58 082)	631 842		(11 768)	620 074	904 718	–	(284 644)	146%	131%	–	–	–	1 140 237
Vote 07 - Health & Protection Depar	97 334	9 087	106 422		(1 334)	105 087	92 624	–	12 463	88%	95%	–	–	–	78 725
Vote 08 - Water & Sanitation Manag	329 681		329 681		16 755	346 436	63	–	346 372	0%	0%	–	–	–	79
Vote 09 - Water Services	177 731	(40 211)	137 519		9 106	146 626	211 008	–	(64 382)	144%		–	–	–	214 580
Vote 10 - Sanitation Services	71 303		71 303		(14 092)	57 211	42 830	–	14 381	75%	60%	–	–	–	92 805
Vote 11 - Land Human Settlement & Economic Development	83 285		83 285		–	83 285	72 380	–	10 905	87%	87%	–	–	–	68 129
Vote 12 - Municipal Management	113 752	12 061	125 814		1 422	127 235	37 034	–	90 202	29%	33%	–	–	–	58 932
			–												
Total Revenue by Vote	**1 954 316**	**(79 040)**	**1 875 276**	**–**	**–**	**1 875 276**	**1 673 490**	**–**	**201 786**			**(2 498)**	**–**	**–**	**1 958 124**
Expenditure by Vote *to be appropriated*															
Vote 01 - Legislative & Executive Sup	72 957	(322)	72 635	–	(4 211)	68 424	69 122	(697)	(697)	101%	95%	(697)	(697)	–	75 346
Vote 02 - Strategic Management	76 191	(7 158)	69 034	–	(1 945)	67 089	64 816	2 274	2 274	97%	85%	–	–	–	77 488
Vote 03 - Internally Funded Projects			–		–	–	–	–	–	#DIV/0!	100%	–	–	–	
Vote 04 - Corporate Services	165 570	5 114	170 684	–	1 627	172 311	160 165	12 146	12 146	93%	97%	–	–	–	151 513
Vote 05 - Budget & Treasury	114 646	(3 188)	111 458	–	(2 856)	108 603	106 532	2 070	2 070	98%	93%	–	–	–	114 365
Vote 06 - Engineering Department	59 014	9 387	68 400	–	(15 110)	53 290	66 395	(13 105)	(13 105)	125%	113%	(13 105)	(13 105)	–	81 187
Vote 07 - Health & Protection Depar	86 772	10 339	97 111	–	(6 046)	91 065	78 517	12 549	12 549	86%	90%	–	–	–	81 907
Vote 08 - Water & Sanitation Manag	180 620	22 257	202 876	–	(13 951)	188 926	128 345	60 580	60 580	68%	71%	–	–	–	128 596
Vote 09 - Water Services	433 497		433 497	–	7 909	441 406	431 513	9 892	9 892	98%	100%	–	–	–	397 000
Vote 10 - Sanitation Services	157 971		157 971	–	5 551	163 522	160 607	2 915	2 915	98%	102%	–	–	–	159 280
Vote 11 - Land Human Settlement &	85 956	6 707	92 664	–	(8 869)	83 795	75 219	8 576	8 576	90%	88%	–	–	–	76 214
Vote 12 - Municipal Management	80 482	(54 730)	25 753	–	36 623	62 376	57 219	5 157	5 157	92%	71%	–	–	–	60 895
Vote 15 - Other			–					–	–			–	–	–	
Total Expenditure by Vote	**1 513 677**	**(11 594)**	**1 502 083**	**–**	**(1 276)**	**1 500 807**	**1 398 450**	**102 358**	**102 358**			**(13 803)**	**(13 803)**	**–**	**1 403 791**
Surplus/(Deficit) for the year	**440 640**	**(67 447)**	**373 193**	**–**	**1 276**	**374 468**	**275 040**	**(102 358)**	**99 428**			**11 304**	**13 803**	**–**	**554 333**
ASPIRE															
Revenue by Vote															
Vote 14 - Amathole Economic Develop	87 565	(17 806)	69 759	-	-	69 759	37 534	-	32 225	54%	43%	-	-	-	31 150
Expenditure by Vote															
Vote 14 - Amathole Economic Develop	87 565	(17 806)	69 759			69 759	37 076	-	32 682	53%	42%	-	-	-	31 145
Surplus for the year ASPIRE	–	–	–	–	–	–	458	–	(458)						5
Surplus for the year Group	**440 640**	**(67 447)**	**373 193**	**–**	**1 276**	**374 468**	**275 498**	**(102 358)**	**98 970**	-	-	-		-	**554 338**

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Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure): Municipality

Description	2015/2016										2014/2015
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	14	15
Revenue By Source											
Service charges - water revenue	171 129	(46 000)	125 129	–	14 093	139 223	144 955	–	(5 732)	–	145 957
Service charges - sanitation revenue	71 590		71 590	–	(14 092)	57 498	42 566	–	14 932	–	91 374
Service charges - other	9		9	–	(2)	7	4 531	–	(4 523)	–	5 088
Rental of facilities and equipment	2 206	(1 985)	221	–	–	221	984	–	(763)	–	316
Interest earned - external investments	10 875		10 875	–	–	10 875	20 393	–	(9 518)	–	27 382
Interest earned - outstanding debtors	6 601		6 601	–	–	6 601	37 409	–	(30 807)	–	35 223
Fines			–	–	–	–	1	–	(1)	–	–
Transfers recognised - operational	736 128	6 410	742 538	–		742 538	894 819	–	(152 282)	–	688 072
Grants and subsidies			–	–	–	–		–	–	–	
Other revenue	538 172	35 077	573 249	–	–	573 249	5 361	–	567 888	–	402 307
Gains on disposal of PPE			–	–	–	–		–	–	–	
Total Revenue (excluding capital transfers and contributions)	**1 536 710**	**(6 497)**	**1 530 213**	**–**	**–**	**1 530 213**	**1 151 019**	**–**	**379 193**	**–**	**1 395 718**
Expenditure By Type											
Employee related costs	621 668	1 883	623 552	–	4 636	628 188	622 528	5 659	5 659	–	569 975
Remuneration of councillors	14 874	(1 038)	13 837	–	(81)	13 755	14 130	(375)	(375)	–	13 030
Debt impairment	162 127	585	162 712	–	(585)	162 127	162 127	0	0	–	154 874
Depreciation & asset impairment	176 383		176 383	–	(3 892)	172 491	100 034	72 456	72 456	–	90 856
Finance charges	53 865	(12 409)	41 456	–	802	42 258	42 187	71	71	–	31 002
Bulk purchases	75 000	7 000	82 000	–	7 174	89 174	89 174	0	0	–	57 573
Contracted services	34 432	(761)	33 671	–	478	34 149	33 178	972	972	–	28 039
Transfers and grants	20 000		20 000	–	–	20 000	–	20 000	20 000	–	–
Other expenditure	355 328	(6 855)	348 473	–	(9 807)	338 666	293 440	45 226	45 226	–	693 802
Loss on disposal of PPE			–	–		–		–	–	–	–
Total Expenditure	**1 513 677**	**(11 594)**	**1 502 083**	**–**	**(1 276)**	**1 500 807**	**1 356 798**	**144 010**	**144 010**	**–**	**1 639 150**
Surplus/(Deficit)	**23 033**	**5 096**	**28 130**	**–**	**1 276**	**29 405**	**(205 778)**	**(144 010)**	**235 183**	**–**	**(243 432)**
Transfers recognised - capital	417 606	(72 543)	345 063		–	345 063	521 222	(176 158)	(176 158)		536 070
Contributions recognised - capital						–			–		
Internally generated funds	23 033	5 096	28 130		1 276	29 405	26 446	–	2 959		
Surplus/(Deficit) after capital transfers & contributions	**463 673**	**(62 351)**	**401 322**	**–**	**2 551**	**403 874**	**341 890**	**(176 158)**	**61 984**	**–**	**292 638**
Taxation	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation	**463 673**	**(62 351)**	**401 322**	**–**	**2 551**	**403 874**	**341 890**	**(176 158)**	**61 984**	**–**	**292 638**
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	**463 673**	**(62 351)**	**401 322**	**–**	**2 551**	**403 874**	**341 890**	**(176 158)**	**61 984**	**–**	**292 638**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	**463 673**	**(62 351)**	**401 322**	**–**	**2 551**	**403 874**	**341 890**	**(176 158)**	**61 984**	**–**	**292 638**

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Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure): Group

Description	2015/2016									2014/2015	
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	14	15
Revenue By Source											
Service charges - water revenue	171 129	(46 000)	125 129	–	14 093	139 223	144 955	–	(5 732)	–	145 957
Service charges - sanitation revenue	71 590		71 590	–	(14 092)	57 498	42 566	–	14 932	–	91 374
Service charges - other	9		9	–	(2)	7	4 531	–	(4 523)	–	5 088
Rental of facilities and equipment	2 206	(1 985)	221	–	–	221	984	–	(763)	–	316
Interest earned - external investments	11 425	(550)	10 875	–	–	10 875	20 451	–	(9 576)	–	27 814
Interest earned - outstanding debtors	6 601		6 601	–	–	6 601	37 409	–	(30 807)	–	35 223
Fines			–	–	–	–	1	–	(1)	–	–
Transfers recognised - operational	782 626	(8 231)	774 395	–		774 395	921 692	–	(147 297)	–	712 023
Grants and subsidies			–	–	–	–		–	–	–	
Other revenue	540 688	33 557	574 245	–	–	574 245	5 708	–	568 537	–	402 359
Gains on disposal of PPE			–	–	–	–		–	–	–	
Total Revenue (excluding capital transfers and contributions)	**1 586 275**	**(23 209)**	**1 563 066**	**–**	**–**	**1 563 066**	**1 178 297**	**–**	**384 769**	**–**	**1 420 153**
Expenditure By Type											
Employee related costs	638 384	931	639 315	–	4 636	643 951	637 517	6 434	6 434	–	569 975
Remuneration of councillors	15 952	(1 216)	14 737	–	(81)	14 655	14 130	525	525	–	13 030
Debt impairment	162 127	585	162 712	–	(585)	162 127	162 127	0	0	–	154 874
Depreciation & asset impairment	176 625		176 625	–	(3 892)	172 733	100 218	72 515	72 515	–	90 856
Finance charges	53 865	(12 409)	41 456	–	802	42 258	42 190	68	68	–	31 002
Bulk purchases	75 000	7 000	82 000	–	7 174	89 174	89 174	0	0	–	57 573
Contracted services	34 432	(761)	33 671	–	478	34 149	43 846	(9 696)	(9 696)	–	28 039
Transfers and grants	20 000		20 000	–	–	20 000	–	20 000	20 000	–	–
Other expenditure	424 856	(23 530)	401 326	–	(9 807)	391 519	304 255	87 264	87 264	–	693 802
Loss on disposal of PPE			–	–		–	403	(403)	(403)	–	–
Total Expenditure	**1 601 241**	**(29 400)**	**1 571 842**	**–**	**(1 276)**	**1 570 566**	**1 393 860**	**176 706**	**176 706**	**–**	**1 639 150**
Surplus/(Deficit)	**(14 967)**	**6 191**	**(8 776)**	**–**	**1 276**	**(7 500)**	**(215 564)**	**(176 706)**	**208 063**	**–**	**(218 997)**
Transfers recognised - capital	417 606	(72 543)	345 063		–	345 063	531 479	(186 415)	(186 415)		542 785
Contributions recognised - capital						–			–		
Internally generated funds	23 033	5 096	28 130		1 276	29 405	26 446	–	2 959		
Surplus/(Deficit) after capital transfers & contributions	**425 673**	**(61 256)**	**364 417**	**–**	**2 551**	**366 968**	**342 361**	**(186 415)**	**24 607**	**–**	**323 788**
Taxation	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation	**425 673**	**(61 256)**	**364 417**	**–**	**2 551**	**366 968**	**342 361**	**(186 415)**	**24 607**	**–**	**323 788**
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	**425 673**	**(61 256)**	**364 417**	**–**	**2 551**	**366 968**	**342 361**	**(186 415)**	**24 607**	**–**	**323 788**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	**425 673**	**(61 256)**	**364 417**	**–**	**2 551**	**366 968**	**342 361**	**(186 415)**	**24 607**	**–**	**323 788**

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Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding: Group

Vote Description	2015/2016											2014/2015			
R thousand	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Capital expenditure - Vote															
Multi-year expenditure															
Vote 06 - Engineering Department	417 606	(72 543)	345 063	–	–	345 063	615 967	(270 904)	(270 904)	179%	147%			–	483 783
Vote 11 - Land Human Settlement & Economic Development	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!				
Capital multi-year expenditure sub-total	**417 606**	**(72 543)**	**345 063**	–	–	**345 063**	**615 967**	**(270 904)**	**(270 904)**			–	–	–	**483 783**
Single-year expenditure															
Vote 01 - Legislative & Executive Support Services	–		–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	218
Vote 02 - Strategic Management	20 233	(181)	20 053		–	20 053	20 041	11	11	100%	99%	–	–	–	8 006
Vote 03 - Internally Funded Projects	–		–			–	–	–	–	0%	0%	–	–	–	
Vote 04 - Corporate Services	–	64	64		–	64	–	64	64	0%	#DIV/0!	–		–	375
Vote 05 - Budget & Treasury	–	57	57		–	57	–	57	57	0%	#DIV/0!	–	–	–	272
Vote 06 - Engineering Department	–		–		–	–		–	–	#DIV/0!	#DIV/0!	–	–	–	286 334
Vote 07 - Health & Protection Department	–	1 144	1 144		1 276	2 419	496	1 923	1 923	21%	#DIV/0!	–	–	–	2 512
Vote 08 - Water & Sanitation Management	–	5 268	5 268		–	5 268	4 656	612	612	88%	#DIV/0!	–	–	–	1 270
Vote 09 - Water Services	–	197	197		15	212	89	123	123	42%	#DIV/0!	–	–	–	20 238
Vote 10 - Sanitation Services	–	49	49		(21)	27	(54)	81	81	-197%	#DIV/0!	–	–	–	8 160
Vote 11 - Land Human Settlement & Economic Development	–		–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	12
Vote 12 - Municipal Management	2 800	(1 501)	1 299		6	1 305	1 218	87	87	93%	44%	–	–	–	28
Capital single-year expenditure sub-total	**23 033**	**5 096**	**28 130**	–	**1 276**	**29 405**	**26 446**	**2 959**	**2 959**	**#DIV/0!**	**#DIV/0!**	–	–	–	**327 426**
Total Capital Expenditure - Vote	**440 640**	**(67 447)**	**373 193**	–	**1 276**	**374 468**	**642 414**	**(267 945)**	**(267 945)**	**#DIV/0!**	**#DIV/0!**	–	–	–	**811 209**
Capital Expenditure - Standard															
Governance and administration	**440 640**	**(74 104)**	**366 536**	–	**6**	**366 542**	**637 227**	**(270 685)**	**(270 685)**	**0**	**#DIV/0!**	–	–	–	**779 006**
Executive and council	420 406	(74 044)	346 362		6	346 368	617 185	(270 817)	(270 817)	178%	147%			–	770 531
Budget and treasury office	–	57	57		–	57		57	57	0%	#DIV/0!	–	–	–	272
Corporate services	20 233	(117)	20 116		–	20 116	20 041	75	75	100%	99%	–	–	–	8 203
Community and public safety	–	1 144	1 144	–	1 276	2 419	496	1 923	1 923			–	–	–	2 523
Public safety	–		–		880	880	496	384	384	56%	#DIV/0!	–	–	–	2 449
Housing	–		–			–		–	–	#DIV/0!	#DIV/0!	–	–	–	12
Health	–	1 144	1 144		396	1 539		1 539	1 539	0%	#DIV/0!	–	–	–	63
Economic and environmental services	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Planning and development	–		–		–	–		–	–	#DIV/0!	#DIV/0!	–	–	–	
Trading services	–	5 513	5 513	–	(6)	5 508	4 691	817	817	(0)	#DIV/0!	–	–	–	31 489
Water	–	5 465	5 465		15	5 480	4 744	736	736	87%	#DIV/0!	–	–	–	23 329
Waste water management	–	49	49		(21)	27	(54)	81	81	-197%	#DIV/0!	–	–	–	8 160
Waste management	–		–		–	–		–	–			–	–	–	
Total Capital Expenditure - Standard	**440 640**	**(67 447)**	**373 193**	–	**1 276**	**374 468**	**642 414**	**(267 945)**	**(267 945)**	**#DIV/0!**	**#DIV/0!**	–	–	–	**813 018**
Funded by:															
National Government	417 606	(72 543)	345 063		–	345 063	615 967	(270 904)	(270 904)	179%	147%			–	483 783
Provincial Government			–			–			–						
District Municipality			–			–			–						
Other transfers and grants			–			–			–						
Transfers recognised - capital	**417 606**	**(72 543)**	**345 063**	–	–	**345 063**	**615 967**	**(270 904)**	**(270 904)**						**483 783**
Public contributions & donations						–			–						
Borrowing						–			–						
Internally generated funds	**23 033**	**5 096**	**28 130**		**1 276**	**29 405**	**26 446**	**2 959**	**2 959**	**90%**	**115%**				**286 320**
Total Capital Funding	**440 640**	**(67 447)**	**373 193**	–	**1 276**	**374 468**	**642 414**	**(267 945)**	**(267 945)**	**0**	**0**	–	–	–	**42 915**
															813 018

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Reconciliation of Table A7 Budgeted Cash Flows: Group

Description	2015/2016								2014/2015
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
	1	2	3	6	7	9	10	11	12
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts	**1 615 807**	**(79 625)**	**1 536 181**	**1 536 181**	**1 578 695**	**(42 514)**	**0**	**0**	**1 452 861**
Ratepayers and other	444 596	(13 492)	431 104	431 104	89 690	341 414	21%	20%	97 258
Government - operating	736 128	6 410	742 538	742 538	1 360 094	(617 556)	183%	185%	1 222 351
Government - capital	417 606	(72 543)	345 063	345 063	128 912	216 152	37%	31%	133 252
Interest	17 476		17 476	17 476		17 476	100%	100%	
Payments	**(1 175 167)**	**12 179**	**(1 162 988)**	**(1 162 988)**	**(1 129 339)**	**(33 649)**	**0**	**0**	**(1 312 782)**
Suppliers and employees	(1 101 302)	(230)	(1 101 532)	(1 101 532)	(1 094 239)	(7 293)	99%	99%	(1 295 131)
Finance charges	(53 865)	12 409	(41 456)	(41 456)	(35 100)	(6 356)	100%	100%	(17 650)
Other	(20 000)	–	(20 000)	(20 000)		(20 000)	100%	100%	
NET CASH FROM/(USED) OPERATING ACTIVITIES	**440 640**	**(67 447)**	**373 193**	**373 193**	**449 356**	**(76 163)**	**0**	**0**	**140 079**
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts	–	–	–	–	**162 214**	**(162 214)**	**0**	**0**	**388 957**
Proceeds on disposal of PPE	–	–	–	–	1 662	(1 662)	100%	100%	1 567
Decrease (Increase) in non-current debtors					33 404	(33 404)	100%	100%	–
Decrease (increase) other non-current receivables	–	–			127 147	(127 147)	100%	100%	(227)
Decrease (increase) in financial assets	–	–	–	–		–	100%	100%	387 617
Payments	**(440 640)**	–	**(440 640)**	**(440 640)**	**(514 384)**	**73 744**	**0**	**0**	**(726 134)**
Capital assets	(440 640)	–	(440 640)	(440 640)	(514 384)	73 744	117%	117%	(726 134)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(440 640)**	–	**(440 640)**	**(440 640)**	**(352 170)**	**(88 469)**	**0**	**0**	**(337 178)**
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts	–	–	–	–	**3 207**	**(300)**			**285 994**
Borrowing long term/refinancing	–	–	–	–		–	100%	100%	286 320
Finance lease payments					2 907				(670)
Increase (decrease) in consumer deposits	–	–	–	–	300	(300)	100%	100%	344
Payments	–	–	–	–	**(174 073)**	**174 073**	**0**	**0**	–
Repayment of borrowing	–	–	–	–	(174 073)	174 073	100%	100%	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	–	–	–	–	**(170 866)**	**173 773**			**285 994**
NET INCREASE/ (DECREASE) IN CASH HELD	**0**	**(67 447)**	**(67 447)**	**(67 447)**	**(73 681)**	**9 140**	**0**	**0**	**88 896**
Cash/cash equivalents at the year begin:	211 000	–		–	205 046	(205 046)	#DIV/0!	97%	116 150
Cash/cash equivalents at the year end:	211 000	–	(67 447)	(67 447)	131 365	(198 812)	-195%	62%	250 046